Army Regulation 700–90

Logistics

Army Industrial Base Program

Headquarters
Department of the Army
Washington, DC
1 April 1992

Unclassified

SUMMARY of CHANGE

AR 700–90
Army Industrial Base Program

This revision updates policies and procedures for the Army Industrial Base Program. It implements Department of Defense Directives 4005.1, 4275.5, 4215.18, and 5000.1; Department of Defense Instructions 4005.3, 4155.4, and 5000.2, and Department of Defense Manuals 4005.3M and 5000.2M.

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Effective 1 May 1992

Logistics

Army Industrial Base Program

By Order of the Secretary of the Army:

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General, United States Army
Chief of Staff

Official:

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Administrative Assistant to the Secretary of the Army

History. This UPDATE printing publishes a revision of this publication. Because the publication has been extensively revised, the changed portions have not been highlighted.

Summary. This regulation implements higher authority goals, objectives, and policy regarding national mobilization and provides Headquarters, Department of the Army policy and instructions for the Army Industrial Base Program. It implements Department of Defense Directives 4005.1, 4275.5, 4215.18, 5000.1; Department of Defense Instructions 4005.3, 4155.4, and 5000.2, and Department of Defense Manuals 4005.3M and 5000.2M. This includes the following programs: Industrial Base Planning; Defense Priorities and Allocations System, Defense Production Act, Title I; Master Urgency List; Critical and Strategic Materials; Expansion of Productive Capacity and Supply, Defense Production Act, Title III; Industrial Equipment, Plant Equipment Packages and Army Reserve Plants; Production Base Support; and selected Production Engineering related programs.

Applicability. This regulation applies to the Active Army, the Army National Guard, and the U.S. Army Reserve.

Proponent and exception authority. Not applicable.

Army management control process. This regulation is subject to the requirements of AR 11–2. It contains internal control provisions but does not contain checklists for conducting internal control reviews. These checklists are being developed and will be published at a later date.

Supplementation. Supplementation of this regulation and establishment of command and local forms are prohibited without prior approval from HQDA (SARD–RP), WASH DC 20310–0103.

Interim changes. Interim changes to this regulation are not official unless they are authenticated by the Administrative Assistant to the Secretary of the Army. Users will destroy interim changes on their expiration dates unless sooner superseded or rescinded.

Suggested Improvements. The proponent agency of this regulation is the Office of the Assistant Secretary of the Army (Research, Development, and Acquisition). Users are invited to provide comments and suggested improvements on DA Form 2028 (Recommended Changes to Publications and Blank Forms), directly to HQDA (SARD–RP), WASH, DC 20310–0103.

Distribution. Distribution of this publication is made in accordance with the requirements on DA Form 12–09–E, block number 2292, intended for command levels, C, D, and E for the Active Army, the Army National Guard, and the United States Army Reserve.

Contents (Listed by paragraph and page number)

* This regulation supersedes AR 700–90, 15 March 1982.

Unclassified

Chapter 1
Introduction

Section I
General

1–1. Purpose
This publication establishes Headquarters, Department of the Army (HQDA) basic policies, responsibilities, and procedures governing the operation of the Army Industrial Base Program (AIBP). This program includes the development and maintenance of an industrial base capable of supporting approved military operations during peacetime, surge, and mobilization.

1–2. References
Required and related publications and referenced forms are listed in appendix A.

1–3. Explanation of abbreviations and terms
Abbreviations and special terms used in this regulation are explained in the glossary.

1–4. Organizational involvement
A description of organizational involvement is in appendix B.

Section II
Responsibilities

1–5. The Assistant Secretary of the Army for Research, Development, and Acquisition (ASA(RDA))
The ASA(RDA) will—

a. Provide policy approval, guidance, and direction to Headquarters, U.S. Army Materiel Command (HQ, AMC) for the AIBP.

b. Exercise overall responsibility for the AIBP.

c. Serve as focal point and HQDA advocate for industrial base planning (IBP).

d. Provide interface with the Office of the Secretary of Defense (OSD) and serve as point of contact (POC) on joint Service industrial base matters.

e. Establish Army policy and procedures for management of Plant Equipment Packages (PEPs) and Army Reserve Plants (ARPs).

f. Approve the establishment and recertification of PEPs and ARPs, unless redelegated. The ASA(RDA) will ensure that both PEPs and ARPs are maintained in an immediate use status to support U.S. Forces and selected allies.

1–6. The Army Acquisition Executive (AAE)
The AAE is the Service acquisition executive. Program Executive Officers (PEOs) are responsible to the AAE.

1–7. PEOs and Program/Project/Product Managers (PMs)
a. PEOs and PMs will participate in the industrial base program. PEOs will ensure that subordinate program, project, and product managers (referred to as PMs in this regulation) integrate industrial base considerations into the life cycle of each weapon system.

b. PMs, with the support of the major subordinate commands (MSCs), are required to—

(1) Plan and budget for surge capability of new and ongoing programs. PMs will develop a "plan to go to war" for industrial mobilization purposes.

(2) Coordinate with industrial base planners.

(3) Consider/integrate the factors included in table 1–1.

(4) Address IBP in acquisition plans and strategies.

(5) Evaluate items in development and address in acquisition strategies and plans, the need for Government industrial equipment and the eventual need for maintaining the equipment in a PEP. This should be done as early as possible in the acquisition life cycle but not later than the Milestone III production decision.

(6) Develop industrial preparedness measures (IPMs) identifying resultant production increases and costs. PMs will budget for resources required to implement IPMs, where possible (para 2–6).

(7) Evaluate all factors, relative to production of assigned items (for example, need for a competitive base, foreign source dependency, uniqueness of manufacturing process or equipment, and applicability of a planning agreement). The purpose is to ascertain if all or part of the production line should be established as a new PEP or included as part of an existing PEP or ARP. The evaluation will be a continuous process from item development through the end of production.

(8) Reevaluate the need to add to a PEP or ARP, or to establish a new PEP for—

(a) Items leaving production that are not supported by a PEP or ARP.

(b) Items that do not have a planning agreement.

(9) Transfer technology to all potential users within the continental United States (CONUS) and those approved outside the continental United States (OCONUS).

(10) Report to PEOs the status of industrial base considerations at program review meetings.

(11) Report the results of planning for new major systems, as required by this regulation and DODI 5000.2.

1–8. The Deputy Chief of Staff for Operations and Plans (DCSOPS)
The DCSOPS will—

a. Approve items selected for planning, and validate requirements for those items.

b. Assemble the approved items and requirements into the Department of the Army Critical Items List (DA CIL) which becomes the basis for IBP.

c. Publish the DA CIL biennially by 1 January. Review the DA CIL annually and update it as required, or as necessary to better relate current acquisition programs and industrial base capabilities.

1–9. The Deputy Chief of Staff for Logistics (DCSLOG)
The DCSLOG will serve as the focal point and advocate within the Army Staff for industrial base matters that relate to materiel readiness and sustainability of Commanders in Chief (CINCs) and long-range logistics planning. The DCSLOG will assist the Commanding General (CG), HQ, AMC, in industrial base matters not covered by Army Regulations (ARs).

1–10. The CG, U.S. Army Corps of Engineers (USACE)
The CG, USACE will—

a. Provide technical advice and assistance on real property matters.

b. Manage and execute facilities design and construction programs.

c. Acquire real estate.

d. Issue leases, licenses and easements.

e. Execute and supervise real property engineering, construction, and real estate services for the Army.

f. Provide the using agency with a design and construction schedule.

g. Inform the using agency of delays in meeting design or construction milestones.

h. Obtain approvals related to construction, such as architect/engineer (A/E) selections and approvals.

1–11. The CG, AMC
The CG, AMC, has responsibility to provide all planning required to maintain and retain an adequate industrial base capable of producing essential materiel to support the National defense objectives. The CG, AMC, is also responsible for programming, budgeting, and executing AMC programs per DOD Directives (DODDs), and ARs, subject to ASA(RDA) approval.

a. IBP. The CG, AMC, will—

(1) Manage and execute the Army Industrial Base Planning Program.

(2) Coordinate with other Services and agencies to obtain data

required to perform a thorough evaluation of the ability of industry to respond to military materiel needs.

(3) Provide for an effective industrial base capable of sustaining production and depot level maintenance and repair to ensure continued responsiveness to surge and mobilization needs, such as the Defense Planning Guidance (DPG) and DODDs and DOD instructions (DODIs).

(4) Provide overall policy management and approval of the Production Base Analysis (PBA).

b. Industrial priorities and material programs. The CG, AMC, will—

(1) Serve as the Army proponent for delegated authorities of the Department of the Army Defense Priorities and Allocations System (DPAS) under Title I of the Defense Production Act (DPA).

(2) Administer the DA responsibilities for the DOD Master Urgency List (MUL).

(3) Manage the Army Strategic and Critical Materiels and National Stockpile Program.

(4) Serve as the Army proponent for the management and implementation of the Defense Production Act, Title III Program.

c. Management of industrial equipment, plant equipment, and ARPs. The CG, AMC, will—

(1) Implement policy and develop procedures for management of PEPs and ARPs.

(2) Implement policy for divestiture of Government-owned facilities in immediate use status.

(3) Determine the availability of adequate sources to produce military items, based on an evaluation of a study of time-phased mobilization capacities of private industry and military industrial facilities, prior to layaway of equipment and plants.

(4) Approve the discontinuance of PEPs and ARPs.

(5) Approve the loan of equipment from PEPs and ARPs and monitor the reactivation of PEP equipment items.

(6) Coordinate with the appropriate program manager on PEP and ARP equipment.

(7) Manage, control, program, and budget for all laid away facilities per AR 700–43 and AR 37–100–FY.

(8) Maintain cognizance of all planning agreements and all facilities providing production capacity for military items.

(9) Evaluate the need to retain production capacity after planning agreements have expired.

(10) Initiate negotiations for retention of capacity under a planning agreement renewal where the need is justified.

(11) Initiate actions to establish a new PEP, add to an existing PEP, or add to an ARP where the need is justified and a planning agreement cannot be negotiated.

(12) Establish and approve exceptions to thresholds for initial layaway costs and annual storage and maintainance costs.

(13) Develop a transportation/storage plan to assure that industrial equipment needed to support mobilization production is delivered to its point of use when needed.

(14) Conduct surveys to evaluate the effectiveness of management programs and controls on facilities being retained to support mobilization production requirements.

(15) Maintain automated information systems to support the Industrial Base Program.

d. Managing the Production Base Support Program (PBSP). The CG, AMC, will—

(1) Develop Army management policy for industrial base facilities.

(2) Plan, program, and budget for industrial base facilities.

(3) Plan, program, validate, and budget real property facility projects.

(4) Develop and approve functional requirements.

(5) Approve technical and functional aspects of concept design to include design features on safety, security, energy conservation, and environmental considerations.

(6) Coordinate with the COE on requirements that change, defer, or cancel a project.

(7) Request from the COE—

(a) Advance planning in design criteria.

(b) Empirical cost estimates.

(c) Functional requirements.

(d) Design and execution of construction projects.

(e) Other planning actions.

e. Engineering for production. The CG, AMC, will—

(1) Manage the Production Engineering Program within DA.

(2) Plan, program, and budget for the Production Engineering Programs for projects or programs not under PEO management in all assigned appropriations; that is, Research, Development, Test and Engineering (RDTE), Procurement appropriations (PA), Operations and Maintenance, Army, (OMA).

1–12. Commanders of AMC major subordinate commands (MSCs)

Commanders of AMC MSCs are responsible for all activities required for the conduct of industrial base planning with industry. The MSCs will—

a. Nominate items for the Industrial Preparedness Planning List (IPPL) (RCS: DD–DR&E(a)1201), as contained in the DA CIL and other Services' CILs, where the Army is the procuring agency.

b. Initiate planning agreements with industry and validate mobilization production capabilities for planned items.

c. Perform mobilization maintenance planning for requirements that exceed depot capability.

d. Coordinate with Defense Logistics Agency (DLA) and the DLA Armed Services Production Planning Officers (ASPPOs) to support mobilization planning with industry.

e. Identify production shortfalls in prime and subcontractor planning, developing plans to overcome these shortfalls, and executing corrective actions in support of the PBA.

f. Furnish requirements for mobilization production to other DOD components for items they will plan or procure.

g. Safeguard proprietary industry information against unauthorized disclosures. (See para 2–12.)

h. Review planning agreements to ensure they are adequate, accurate, and sufficient.

i. Report the status of planning agreements.

j. Provide support and coordination with the PEO/PM in executing the IBP Program on PEO/PM-managed systems relative to factors included in table 1–1.

k. Ensure that Army contractors and MSC production/procurement personnel are aware of and are in compliance with the dictates of part 700, title 15, Code of Federal Regulations (15 CFR 700) and AR 715–5, and utilize DPAS within their command.

l. Provide special priorities assistance, where applicable, and assist in providing guidance throughout the contracting cycle as required.

Table 1–1
Integration of Industrial Base Planning into the Acquisition Process

Life Cycle Phases	Industrial Base Actions
1. Technology Base activities	a. Create innovative technology which will facilitate future producibility. b. Include producibility at Tech Base Reviews. c. Consider longevity and availability of production processes and materials. d. Consider availability of commercial facilities for emerging technology. e. Avoid foreign source dependency (except Canada, or critical components and material), and review domestic, foreign-owned sources on case by case basis. f. Avoid unavailable strategic and critical materials. g. Avoid design and/or test requirements which unnecessarily restrict producers. h. Avoid single sources with proprietary, unique technologies which limit the industrial base. i. Consider general purpose and numerically controlled machinery.

Table 1–1
Integration of Industrial Base Planning into the Acquisition Process—Continued

Life Cycle Phases	Industrial Base Actions
	j. Consider the potential for component breakout.
2. Concept exploration and definition	a. Consider longevity and availability of materials, manufacturing processes and technology. b. Avoid foreign dependency (except Canada) and single source technology for critical components and material. c. Consider potential for component breakout. d. Include IBP in: (1) Risk analysis. (2) Request for Proposals. (3) Producibility cost estimates. (4) Acquisition plans and strategies. (5) Program documents. e. Coordinate with HQDA (SARD–RP) to identify potential surge and mobilization requirements for Milestone I.
3. Demonstration and validation	a. Prepare a conceptual design for a mobilization version of the end item which reflects reduced specifications and/or substitute items which could be readily produced and/or obtained in an emergency. b. Complete plan to reduce or eliminate foreign source dependency for critical components and/or material where applicable. c. Prepare Title III projects for critical materials. d. Identify critical manpower skills and sources for emergency situations. e. Plan for production in new technological areas. f. Consider the potential to surge future production in an emergency as important a factor as system performance. Address surge and mobilization rates. g. Include IBP in risk analysis, trade-offs, manufacturing plans, readiness reviews, producibility, RFPs, cost estimates, management decisions, acquisition plans and other program management documentation.
4. Engineering and manufacturing development	a. Collect data to perform IBP studies. b. Coordinate with HQDA (SARD–RP) to identify firm surge and mobilization requirements. Coordinate with contractor to obtain potential capability to meet these requirements. c. Develop mobilization production management plan. d. Program for prestocking critical long leadtime materials and critical components for surge where applicable. Nominate and justify items for surge funding. e. Program for surge and mobilization IPMs, facilities, equipment, and data. f. Design mobilization version of item. Include in configuration management prove-out where cost effective. g. Consider component breakout. Prove capability of producers for components and overall system. Review and assess projected capabilities of potential producers of components and overall system. h. Identify commercial substitutes for end items, components, and materials. i. Identify alternate manufacturers for critical end items, components, and materials. j. Execute Title III Projects for critical materials and processes. k. Request and obtain Master Urgency List rating, where applicable.

Table 1–1
Integration of Industrial Base Planning into the Acquisition Process—Continued

Life Cycle Phases	Industrial Base Actions
	l. Consider initial facilitization balanced in accordance with predetermined production rates and fiscal realism. m. Demonstrate, measure and certify Producibility Plan. n. Identify critical manpower skills and sources for emergency situations. o. Demonstrate proof of production in new technological areas. p. Eliminate or reduce foreign source dependency for critical components and/or material, as required to protect the domestic industrial base. q. Promote contractor self-facilitization. r. Encourage development of U.S. and Canadian sources. s. Include industrial base planning in risk analysis, trade-offs, manufacturing plan, readiness reviews, production prove-out, RFPs, source selection, management decisions, acquisition plans and program management documentation.
5. Production and deployment	a. Have plan ready to implement surge and mobilization production. b. Identify coproduction, foreign military sales (FMS), buyback, substitutes and additional sources to augment production and supply for emergency situations. c. Produce mobilization version as required. d. Include surge and mobilization requirements in solicitations. e. Use PPS contracts to bind planned producers for emergency production. f. Utilize DD Form 2575, DD Form 2575–1, and DD Form 2575–2, Data Item Descriptions (DIDs), and Manufacturing Plans to collect production data. g. Prestock critical long lead components to meet emergencies. Use first in, first out basis to reduce possibility of obsolescence. h. Utilize component breakout to obtain additional suppliers. i. Identify sources to readily acquire production and test equipment to meet emergencies. j. Expand facilities consistent with peacetime, surge, and mobilization requirements. k. Maintain warm production base to meet mobilization objectives. l. Train personnel for critical skills. m. Submit Justification and Approvals (J&As) and Determination and Findings (D&Fs), and use Defense Federal Acquisition Regulation Supplement (DFARS) to restrict competition for mobilization purposes for IPPL items. n. Use a surge option clause to assure surge production capability. o. Utilize Priorities and Allocation System. p. Use generic industrial plant equipment (IPE) and develop flexible, multi-use facilities. q. Encourage contractors to facilitize for production. r. Develop firm plans to reduce administrative and production lead times for emergencies. s. Conduct industrial base planning through subtiers. t. Identify and retain cadre of critical skilled, technical, and management production personnel for mobilization production. u. Request inclusion on Key Facilities List for emergency protection. v. Evaluate maintenance, repair, and overhaul capability.

Table 1–1
Integration of Industrial Base Planning into the Acquisition Process—Continued

Life Cycle Phases	Industrial Base Actions
6. Operations and support	a. For major modification: (1) Reassess surge and mobilization requirements, and mobilization version. (2) Include IBP in risk analysis, management reviews, trade-offs, manufacturing plan, producibility, production prove-out, RFPs and program management documents. (3) Reevaluate industrial base planning included in Demonstration-Validation, Engineering and Manufacturing Development and Production and Development phases. b. For items out of production or to be terminated: (1) Establish Plant Equipment Packages if required. (2) Deactivate facilities when insufficient production buys cannot support the line, (except for highly critical and/or unique mobilization items). (3) Dispose of unneeded equipment when no longer required. (4) Plan to maintain production capability for items on the DA CIL. (5) Retain residual inventories for emergencies. (6) Upgrade and fill voids in PEPs if feasible.

Chapter 2
Industrial Base Planning

2–1. Overview

This chapter implements DODD 4005.1, DODD 50001.1, DODI 4005.3, DODI 5000.2, DOD 4005.3M, and DOD 5000.2M. It also prescribes policies and procedures to be followed by DA activities in conducting IBP. OSD guidance tasks DA to—

a. Establish and maintain an industrial base, both Government- and privately-owned, that is required to support mobilization and other contingency military requirements.

b. Conduct IBP to ensure industrial resources are available and capable of supporting peacetime buys, rapid production acceleration (surge) to maximum capability, and mobilization requirements.

c. Establish a prioritized item selection system for IBP of surge and mobilization items.

d. Submit biennially a PBA which compares capability with requirements and identifies efforts planned and/or required to fully meet requirements.

e. Ensure industrial base issues are considered early in the acquisition process for new systems.

f. Integrate industrial base planning with production management of defense systems effectively.

g. Ensure critical IBP items are considered for industrial base impact on bilateral or multinational Memorandums of Understanding (MOUs) and offset or co-production agreements.

h. Provide appropriate and effective industrial response options in order to react to ambiguous and specific warnings; base these options on the graduated mobilization response (GMR) concept. (See DOD 4005.3M.)

2–2. IBP policy

a. Industrial base goals. The DA will strive to obtain and maintain an industrial base capable of—

(1) Indefinite wartime sustainability.

(2) A range of production responses to a wide variety of possible contingencies.

b. Surge and mobilization planning.

(1) Surge planning for new items will be undertaken during weapons system development to identify actions and resources required to accelerate production of critical items that support military requirements. Surge capacity will also be developed for selected items already in production.

(2) In planning with industry, AMC MSCs will consider the potential for using surge capacity to reduce the investments in on-hand stocks and to minimize economic losses through obsolescence. Minimum sustaining rates (MSRs) and minimum economic rates (MERs) may also be considered as a baseline starting point. Criteria for selecting surge candidate items may include a significant Authorized Acquisition Objective (AAO) shortfall, and items, identified through the PBA, that constrain a sustainable and balanced Army force structure.

(3) Surge program and funding objectives for hardware programs must show cost savings in relation to the cost of obtaining additional on-hand stocks, and/or improvements in force structure and sustainment. Investments in rolling inventory, special tooling/special test equipment (ST/STE), and other production base enhancements must be considered in relation to program acquisition strategies and objectives. Items that are procured as sole source or through multiyear programs should be considered for surge investments, if selected by the aforementioned criteria. Items procured near the end of their program acquisition objective should not be considered for surge investment.

(4) Surge and mobilization capability will be addressed in all acquisition strategies and plans. Specific surge and mobilization measures approved as part of the procurement strategy will be implemented as an integral part of the materiel acquisition program. Industrial base considerations for surge and mobilization will be a mandatory point of consideration in the decisions of the Army Systems Acquisition Review Council (ASARC), Source Selection Advisory Council (SSAC), Production Readiness Reviews (PRRs), and in pre-award surveys for selected programs.

2–3. IBP procedures

IBP will be conducted per DODD 4005.1, DODD 5000.1, DODI 4005.3, DODI 5000.2, DOD 4005.3M, DOD 5000.2M, and supplemental guidance in this chapter. Industrial mobilization planning can provide options for a GMR to situations that threaten national security, and for mobilization as described in the DPG. Guidelines are as follows:

a. HQDA will provide the DA CIL to HQ AMC biennally. (See paras 1–5 and 1–8 for additional guidance.)

b. HQ, AMC,—

(1) Forwards the DA CIL to the MSCs. (See para 1–12 for additional guidance.)

(2) Publishes, and distributes the IPPL biennially.

(3) Provides copies of the DA CIL and the IPPL to other Services, and DLA to coordinate DOD planning.

(4) Identifies producers and determines actions and resources required for post mobilization-day (M-Day) production of the items listed in the IPPL.

(5) Conducts long leadtime studies to ensure a responsive peacetime industrial base capable of expansion for surge and mobilization and to identify production constraints, bottlenecks, and their remedies.

(6) Provides for the existence of a responsive base capable of sustaining production, and depot level maintenance and repair of essential end items.

(7) Encourages more active and effective industry participation in industrial base planning; gives preference to private facilities in planning for the production of materiel.

(8) Plans with industry, for surge and mobilization purposes, to—

(a) Identify items to be obtained.

(b) Identify competent producers for planned items and obtain production data and commitments to produce the items for surge and mobilization.

(c) Plan for conversion of private industry.

(d) Determine requirements for new Government-owned facilities and/or additional equipment.

(e) Reduce war reserve shortfalls.

(f) Provide smooth transition to surge and mobilization production levels.

(9) Collect and maintain planning data in an automated database.

(10) Include Government-owned production and depot level maintenance facilities in planning.

(11) Establish Government-owned facilities to overcome deficiencies in the privately-owned sector.

(12) Maintain Government-owned industrial facilities and equipment in a state of readiness to meet emergency requirements.

(13) Evaluate contracting procedures to streamline the acquisition process and reduce administrative leadtimes.

(14) Develop and provide a PBA to HQDA by 31 December biennially. (See para 2–9 for additional guidance.)

(15) Conduct special studies, if needed, to evaluate weapon systems production and industrial sector capabilities and shortfalls.

2–4. Integrating IBP into the acquisition process

a. Industrial base planners should be proactive with PMs in integrating industrial base planning into the acquisition process. Planners, when using the Long Range Research and Development Acquisition Plan (LRRDAP) process, should identify the need for IBP early in the acquisition process.

b. Industrial base planning will be considered in all phases of the acquisition process, as suggested in the table 1–1. IBP will be addressed by the PM, with support from the MSCs, in each Acquisition Strategy/Acquisition Plan, and will be considered in program requirements documents and program resource allocations.

(1) *Technology-base activities—determination of mission need.* Tech-base activities should consider producibility, availability, and longevity of materials, and production processes. The Mission Needs Statement considers constraints such as industrial base limitations.

(2) *Concept exploration and definition.* Planning must be done to achieve the goal that every new system meet mission area deficiencies. Producibility must be equal in priority to that of system performance. Provisions will be made in both budget and technical exploration activities to assure that when new technologies are developed, industrial base issues are addressed. (For IBP guidance on the Manufacturing Technology (MANTECH) Program, refer to DODI 4200.15.) Anticipated barriers to producibility, surge, and mobilization will be identified, and preliminary plans for their elimination described. Critical materials and foreign dependency should be considered.

(3) *Demonstration and validation.* PMs will make surge and mobilization, and other IBP issues, explicit topics in Army program management documents and decision processes. Baselines will be set for peacetime production rates and facility capacity. Planning efforts will become more specific for surge rate alternatives and mobilization capability. Results of demonstration of preliminary designs and production processes will be reviewed for IBP risk areas. Critical skills and materials will be considered. PMs will address IBP issues for surge and mobilization production in the Acquisition Strategy. Planning, Programming, Budgeting, and Execution System (PPBES) funding documents/requests will cover technical and planning requirements to meet IBP objectives.

(4) *Engineering and manufacturing development.* Solicitations and contracts should require the offeror to plan for surge and mobilization and to be a mobilization base producer. Plans should be developed for expansion of facilities to meet surge and mobilization requirements. Plans should also be developed, if feasible, to produce a modified or "mobilization version" of the item being acquired. Mobilization versions are reduced specification versions of the item in which trade-offs are made in specifications such as shelf life, redundancy, reliability, and so on, to enable increased production through shortened leadtimes and production process times. A Mobilization Production Management Plan should be developed.

(5) *Production and deployment.* Production Planning Schedule (PPS) commitments, DD Form 2575 (Department of Defense Industrial Base Program Production Capacity Survey), DD Form 2575–1 (Department of Defense Industrial Base Program Crisis Production Survey), and DD Form 2575–2 (Department of Defense Industrial Base Program Industrial Facility Survey) data should be obtained, and sources for critical materials and skills identified. Production solicitations and contracts will require offerors to plan for surge and mobilization quantities, and agree to be a mobilization base producer. A Surge Mobilization Production Plan should be available for implementation. Additional sources of supply should be identified.

(6) *Operations and support — major modification or items out of production.* For major upgrade or modification items, IBP will be included in risk analysis, trade-off studies, manufacturing plans, producibility, production prove-outs, and Requests for Proposals (RFPs). For items to be terminated, PEPs and mobilization should be considered.

c. The industrial readiness factors in table 1–1 should be considered to assure that industrial base planning is integrated into all phases of the acquisition process. The purpose of the factors is not to restrict program management or research and development, but to assure that the Army can accelerate production to satisfy national emergencies and mobilization when required. The factors should be considered and implemented as practical or to the extent possible as consistent with procurement/acquisition policy and affordability. These factors may also be used for nondevelopmental item (NDI) applications, where appropriate.

2–5. Planning with industry

a. AMC MSCs will consider planned producers' production capability as a means of reducing the investments in on-hand stocks and reducing the risk of obsolescence. Government-owned, Government-operated (GOGO) maintenance depots will be considered as a production resource during mobilization after mobilization requirements for maintenance, and repair capability has been satisfied.

b. AMC MSCs will limit industrial base planning to producers located in the United States and Canada.

c. Planning will identify foreign dependency for items, components, or materials that could impact U.S. and Canadian producers during surge or mobilization; and will be reported and briefed in the PBA.

d. Materiel support requirements will be based upon the force structure expected to be in existence at the time of mobilization. These requirements, usually expressed as monthly production rates, will be considered when seeking production sources to satisfy required needs.

e. IBP, for items not in production during the planning period, will be done by negotiating the appropriate document with a planned producer. The item or items planned for production are listed by the producer. In addition, AMC MSCs will furnish technical data to the planned producer for each item. This data will be reviewed and updated to the current configuration of the item or items at the time of industrial base planning, or at the time the producer's contractual document is exercised. AMC MSCs will complete and submit this data in a monthly Status of Industrial Preparedness Planning Report (RCS: AMCPD–138) to HQ AMC, Research, Development, and Engineering.

f. Alternatives, including the possible use of approved substitute items, such as commercial equipment, and of engineering waivers, will be considered in order to improve materiel readiness. (See para 2–11 for more on commercial substitutes.)

g. Current IBP data will be maintained on prime contractor's purchasing and production lead times for manufacturing and assembly, materials, components, and subassemblies. The ASPPO at the prime contractor level will assist production management (industry plant representatives) in organizing for appropriate subcontractor planning, and will support planning efforts at lower tier subcontract and/or vendor levels. All planned end items should be considered in computing mobilization requirements for secondary items, such as batteries.

h. Implementation of surge and mobilization planning may be

done by letter contract or by a negotiated contract that incorporates appropriate production planning schedules.

i. For selected weapons systems and critical munitions, subcontractor planning should be planned to a level of one tier below the last identified production constraint where practical. This level of planning will be required for all weapons systems and items that meet the criteria for the Army Systems Acquisition Review Council (ASARCs), per DODD 5000.1. This should be done as a minimum once in the planned life of the item.

j. The participation of industry in IBP can be contractual or voluntary. The U.S. Army uses PPS contracts or has a PPS MOU as the commitment portion of planning with industry. Prime contractor production planning may be conducted using one of the following methods:

(1) PPS documents will be used to accomplish IBP with firms that enter the Army Industrial Base Program. Some items may require binding contractual agreements to assure the retention of future base capability.

(2) Direct industrial base planning (DIBP), will be accomplished utilizing PPS documents, when the acquisition activity wishes to plan by direct discussion with a selected contractor. The ASPPO will be kept informed and will receive copies of all agreements and planning documents.

(3) DIDs are used when solicitations, and the resulting contract, for selected items require detailed industrial base planning data.

(4) Special studies may be needed to gather IBP data. The acquisition and industrial base activity will notify the appropriate ASPPOs to invite their participation in the desired study effort. At the conclusion of the study effort, the ASPPO for each planned facility will, with the concurrence of the acquisition and industrial base activity, coordinate plant capacity allocation and complete the plant loading record.

(5) Voluntary production capacity surveys can be used when cost or end item criticality makes it unnecessary to use PPS documents or to have the ASPPO allocate production capacity.

k. A company's agreement to participate in IBP indicates its willingness to provide information about production capabilities, physical characteristics, and other required data. The company also agrees to provide the Government with—

(1) An official POC for coordinating and monitoring the planning process within each participating company.

(2) Information required to develop realistic production schedules.

(3) Information on production constraints, pacing factors, foreign dependency, critical skills, commercial substitutes, and/or other changes affecting the company's ability to provide the planned production.

(4) Subcontractor planning for critical components.

(5) A commitment to maintain production capacity for a negotiable period of time.

2–6. Industrial preparedness measures

a. Actions taken primarily for the purpose of correcting mobilization deficiencies by shortening post M-Day lead times, or increasing product availability for planned items and critical components, are termed IPMs. These corrective actions may be accomplished through—

(1) Engineering and economic studies that consider the impact of specifications, skills, tools, and substitute materials and/or parts on the ability to produce defense materiel.

(2) Projects which provide for raw materials, component parts, ST/STE, IPE, and/or facilities. (See chaps 3 and 4.)

(3) Improved production and inspection techniques.

(4) Production Engineering. (See chap 6.)

(5) Title III, Defense Production Act. (See chap 3.)

b. IPMs will be funded out of—

(1) RDTE funds if the item is in development.

(2) PA funds if the item is in production.

(3) OMA funds if the item is post production.

c. IPMs requiring the purchase of facilities, materials, or equipment will be funded out of PA.

d. Many actions that improve production of items or weapons systems for peacetime buys may also help meet mobilization requirements or surge. However, these actions will not necessarily correct all mobilization deficiencies.

2–7. Diminishing manufacturing sources and material shortages

Diminishing manufacturing sources and material shortages (DMSMS) procedures as specified in DODI 5000.2 and chapter 3 of this regulation will be integrated with the industrial base planning effort. This is to help ensure that timely action is initiated when essential end item production capabilities are endangered by the loss or impending loss of manufacturing sources or materiel shortages.

2–8. Industrial Preparedness Planning List

a. The IPPL will include DA CIL items, nominated items approved by HQ, AMC, and its MSCs, other military service items, approved allies items, critical components, and subassemblies.

b. The IPPL identifies critical end items, components and subassemblies that require IBP for maintaining an industrial base capable of meeting combat consumption and mobilization training requirements.

c. HQ, AMC, in conjunction with its MSCs, nominates items essential to industrial readiness objectives and manages the investment, planning and retention of the industrial base. (See fig 2–1 for IPPL selection criteria).

2–9. PBA

a. The PBA, RCS: AMC–833, will be conducted to determine the impact of budget programs to implement the IBP program objectives and investment strategy. The PBA will also be used to estimate the effect of IBP program deficiencies on the war fighting capability and sustainability of Army Forces.

b. The PBA analysis process will include—

(1) Balancing requirements with production and repair capability.

(2) Identifying current and potential production bottlenecks and constraints.

(3) Developing IPMs to eliminate identified impediments.

(4) Prioritizing IPMs or actions to make best use of available resources.

c. A production capability analysis will identify requirements, capacities, and shortfalls during peacetime and emergency situations such as surge or mobilization. D-Day to Production Day (D to P) charts will show requirements, production, asset draw-down, and replenishment.

d. The PBA will identify—

(1) Investment options, including program costs and benefits, for MANTECH, Industrial Modernization Incentives Program (IMIP), and DPA Title III Projects. These options are designed to primarily remedy peacetime production shortfalls or constraints and may also have an impact on emergency production shortfalls.

(2) IPMs that would be required to fully remedy the shortfalls identified in the production capability analysis. These IPMs may be prepared in ways that allow implementation in an incremental fashion.

2–10. Protecting the industrial base

a. To ensure that a responsive industrial base is available for planned items, the PMs and AMC MSCs will restrict competition for current requirements, as appropriate, to mobilization base producers, or otherwise pursue an other than fully competitive acquisition strategy when it is necessary to protect the mobilization base, and when authority is available to pursue such a strategy under Exception 3 of the Competition in Contracting Act, Section 2304(c)(3), title 10, United States Code, (10 USC 2304(c)(3)), as implemented by Federal Acquisition Regulation 6.302–3. Defense Federal Acquisition Regulation Supplement (DFARS) 208.7802 and 225.7405 will be applied as appropriate.

b. To facilitate compliance with FAR 6.302–3(b)(1)(iii) "when

the quantity required is substantially larger than the quantity that must be awarded in order to meet the objectives of this authority, that portion not required to meet such objectives will be acquired by providing for full and open competition as appropriate" under Part 6. To facilitate compliance with the FAR—

(1) Acquisition documents prepared in support of mobilization restrictions on full and open competition will include constraining rate analyses to ensure that opportunities for competitive placement of excess current-year requirements are not foregone.

(2) The quantity of items reserved for a restricted competition among mobilization base members should generally not exceed that necessary to sustain (through 1X8X5 production) contractors.

c. The creation of new mobilization bases, or the expansion of existing bases, will be effected through full and open competition or, as appropriate, through competition restricted to producers in the United States and Canada. In accordance with 10 USC 2304(b)(1)(B) and FAR 6.202, an existing source or sources may be excluded from such competitions if necessary to facilitate base expansion.

2–11. Commercial Required Item Substitute Planning (CRISP)

CRISP is designed to identify commercial, "off-the-shelf" substitutes for use as an interim measure only during a national emergency. All of the criteria in paragraphs 2–11*a* through 2–11*c* must apply.

a. CRISP items will be used only—

(1) During mobilization.

(2) After war reserves stock is depleted.

(3) Until the industrial base can meet requirements.

b. Substitutes will be identified only for items on the DA CIL that have critical shortfalls. Additional critical equipment shortages may be identified by HQDA, ODCSOPS, and ODCSLOG.

c. Substitutes must meet generic requirements.

d. Commercial operating manuals, spare parts packages, and supporting hardware, when needed must be obtained from commercial vendors. Normal military logistics support base (spare parts, depot stocks, repair and maintenance through military channels) will not exist for CRISP items. Maintenance and repair support, other than routine user-type maintenance, will be contracted from commercial sources, depot maintenance support, or developed as needed.

e. A review of CRISP candidates will be done biennially.

f. CRISP information will be located, where appropriate, in Army databases to aid in crisis planning for asset redistribution during mobilization.

2–12. Security

a. Completed IBP documents contain proprietary industry data and will be protected. The Army is required to refuse access to such data except to authorized Federal Government employees having a need to know for planning, implementation, or current acquisition.

b. Security classification of IBP information is required if a form, or collection of forms as a whole, discloses the following:

(1) Classified data.

(2) The identity of an item when the existence of that item is classified.

(3) A classified relationship between the item and the national defense posture.

(4) Information that would provide hostile countries with data damaging to national security interests.

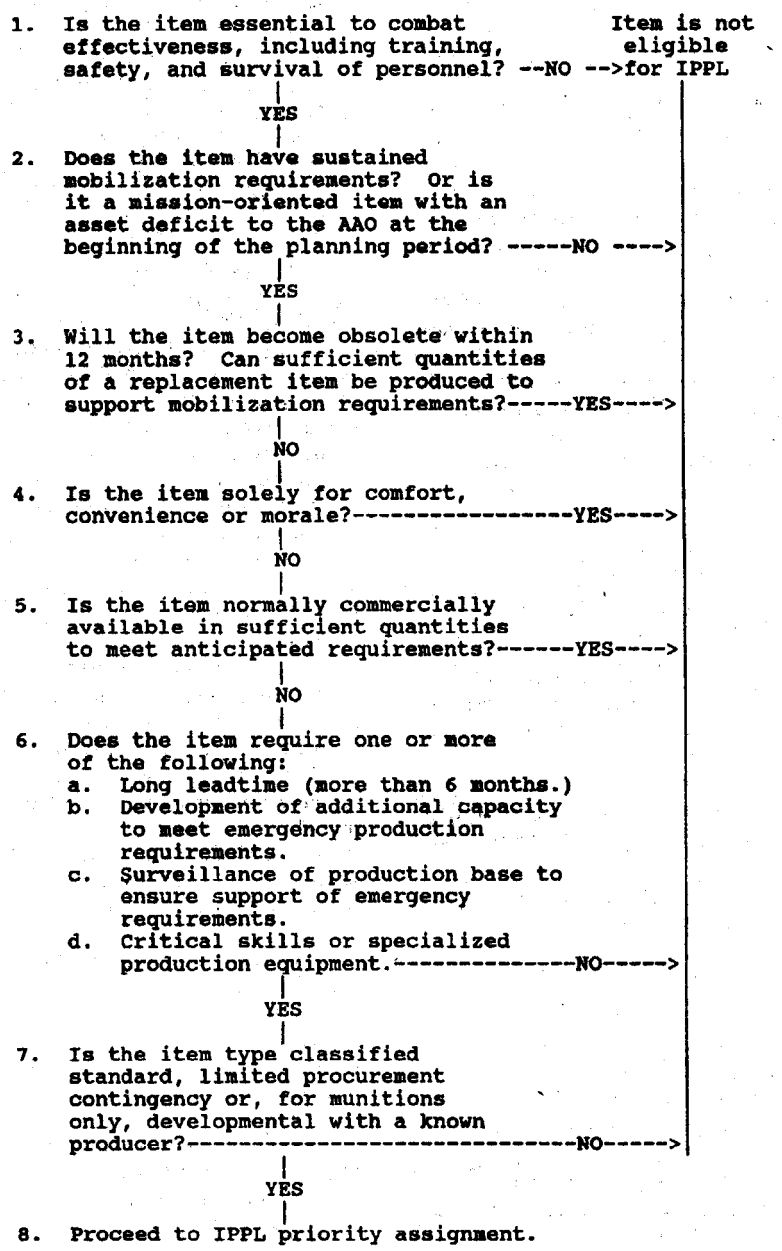

Figure 2-1. IPPL selection criteria

Chapter 3
Industrial Priorities and Material Programs

3–1. Background

This chapter implements DODI 4400.1, DODI 4410.3, and DODI 5000.2. It also prescribes several Army programs that directly and indirectly support weapon system acquisition and production during peacetime, surge, and mobilization. Delegations of authority have been issued to DOD, DA, and AMC for the management and execution of these supportive programs.

3–2. "Defense Production Act (DPA), Title I—Priorities and Allocations System"

a. Description.

(1) The Defense Priorities and Allocations System (DPAS) applies to certain national defense programs authorized to DOD from the Department of Commerce and the Federal Emergency Management Agency (FEMA) for priorities and allocations support.

(2) DPAS provides timely availability of industrial resources for defense requirements and provides an operating system that can be rapidly expanded upon national emergency.

b. Authority. DODI 4400.1 contains OSD DPAS Delegations of Authority, Authorized Program Identification, DPAS Operation, Special Priorities Assistance, Rescheduling, DPAS Compliance, International Priorities, and the MUL.

c. Levels of authority.

(1) The Deputy Under Secretary of Defense, Industrial and International Programs, (DUSD (I&IP)), exercises certain DPAS authorities per Department of Commerce Delegation 1, 15 CFR 700 and DODD 4405.6.

(2) The CG, AMC, exercises Department of Army DPAS authorities from ASA (I&L) (Delegation SAOSA–72–26) and the Deputy Assistant Chief of Staff for Logistics by Delegation of Authority

No. 2–72. HQ, AMC, issues DPAS redelegation of authority to appropriate Army agencies and the MSC Commanders.

d. Levels of assistance.

(1) HQ, AMC, DPAS officer—

(a) Provides DA staff management of activities for DPAS officers within the Army, and establishes the performance guidelines of Army DPAS officers.

(b) Provides Special Priorities Assistance in support of DPAS to resolve problems that may occur to the MSC's or DA contractors.

(c) Coordinates DPAS with the other civil agencies, Services, and OSD.

(2) DPAS officers—

(a) Ensure that Army contractors and MSC production and procurement personnel are aware of, and are in compliance with AR 715–5 (DODD 4400.1), the dictates of the DPAS manual as issued by the Department of Commerce (15 CFR 700) and, fully utilize DPAS requirements within their command.

(b) Provide special priorities assistance, utilizing Department of Commerce BXA Form 999 (formerly ITA Form 999) where applicable, and assist in providing guidance throughout the contracting cycle as required.

e. Rated contracts.

(1) Rated contracts are identified by a priority rating consisting of the rating (either DX or DO) and a program identification symbol. (See para 3–4 for rating differences.)

(2) Properly rated contracts and orders take preference over all unrated orders as necessary to meet required delivery dates.

f. Contractor requirements.

(1) Application of industrial priorities per the DPAS regulation requires defense contractors to—

(a) Accept rated defense orders.

(b) Furnish notice of acceptance or rejection.

(c) Provide preferential scheduling.

(d) Meet contract delivery schedules.

(e) Extend priority ratings to subcontractors and suppliers.

(f) Comply with DPAS regulatory requirements as specified in 15 CFR 700.

(2) Willful violation of the DPAS regulation is a crime and subject to fine, imprisonment, or both.

3–3. "Defense Production Act (DPA), Title III—Expansion of Productive Capacity and Supply"

a. Description.

(1) The DPA Title III provides incentives to private industry to establish or expand domestic production capacity and supply of high technology materials for national defense purposes. DOD policy restricts these incentives to purchases and purchase commitments only.

(2) Title III projects may be applied when the domestic industry cannot reasonably be expected to provide the required national capacity in a timely manner.

b. Title III policy.

(1) DUSD (I&IP) establishes policy, responsibilities, and operating procedures for the Defense Production Act Title III Program, which includes a Title III Steering Committee, Working Group, and Program Office.

(2) HQ, AMC, Research, Development, and Engineering manages the Title III Program. The Army Steering Group member is a general officer or SES member assigned from HQ, AMC, Research, Development, and Engineering. The Working Group member is the focal point for the Army Title III projects and provides guidance for submission of Title III project requests.

(3) Each MSC identifies a POC for the Title III Program. The Title III POC at each MSC solicits, provides internal coordination, and submits approved nominations to HQ, AMC.

(4) Army activities with assigned procurement, production, research, maintenance, and/or development functions, identify shortfalls of metals, minerals, or materials, and consider projects for the Title III Program as an alternative solution to future shortages.

c. Title III projects.

(1) Nominations may at any time be submitted for consideration, and (predicated on reprogram authorization) may be submitted through the working group for evaluation.

(2) All Title III projects must be submitted on Exhibit P–22 Project format, and meet four criteria as follows:

(a) The metal, mineral, or material involved is essential to national defense.

(b) The domestic capacity will not be available without Title III assistance.

(c) The project is the most cost-effective, expedient, and practical alternative for meeting the need.

(d) The national defense demand is equal to or greater than the domestic industrial capability being developed, including the output to be established through Title III.

(3) In addition to the DPA criteria, the following requirements have been included by DOD:

(a) The project must be accomplished through a purchase or purchase commitment only.

(b) The material must be used by more than one Service.

(c) The product of the Title III project must be identified in a specification agreed to by the Government and contractor prior to award.

(4) Justifications for Army Title III purchase commitments will show current peacetime and estimated outyear demand, including surge and mobilization requirements.

3–4. DOD Master Urgency List

a. Description.

(1) The DOD Master Urgency List (MUL) is an integral part of the Defense Priorities and Allocation system. The MUL identifies critical defense production, research and development (R&D), and test programs of the highest national priority (DX), BRICK–BAT, or the highest DOD urgency (DO) CUE–CAP so that program schedules can be maintained when competition for industrial resources or conflicts with other DOD programs are being experienced or anticipated.

(2) The MUL is utilized as a management tool to assist in resolving production, R&D, and test bottlenecks in advance or as they occur.

b. Ratings. All BRICK–BAT (DX) ratings are approved by the President. All BRICK–BAT (DX) programs are of equal priority, and take precedence over DO programs. All DO CUE–CAP programs are approved by the Secretary of Defense and are listed in numerical sequence of prioritization. In the event of conflict between DO rated contracts, those programs assigned DO CUE–CAP will take precedence. All other DO rated contracts take precedence over commercial unrated contracts.

c. Nominations.

(1) Basic instructions and format in DODI 4410.3 will be complied with for Army submission of DX BRICK–BAT and DO CUE–CAP nominations.

(2) HQDA, OASA(RDA), will issue call letters for nominations to the MUL from AMC, other Army MSCs, and PEOs.

(3) HQ, AMC—

(a) Issues call letters for nominations to the MUL from the MSCs and appropriate PEOs.

(b) Reviews nominations' format and content, and assists the program office where necessary for subsequent submittal to the OASA(RDA) for coordination.

(4) The OASA(RDA) coordinates nominations with the Army Secretariat and DA Staff, including ODCSOPS and ODCSLOG. Upon full staff review and approvals, the ASA(RDA) submits fully coordinated nominations to OSD.

(5) The ODCSLOG coordinates nominations with the commodity activities within the DA logistics staff and provides a general officer to serve on the tri-Service Joint Materials Priorities Allocations Board (JMPAB) that reviews and prioritizes all nominations.

(6) The ODCSOPS' Force Development prioritizes nominations predicated on PM/item manager rationale, AMC, ASA(RDA), and ODCSOPS weapon system integrator inputs. Programs may be added or deleted by ODCSOPS.

d. Review of MUL.

(1) DA activities will annually review items on the MUL and recommend retention, priority change, additions, and/or deletions through AMC to OASA(RDA).

(2) The DOD MUL will be reissued periodically (normally every 2 years), and will be amended to reflect significant changes in the relative priorities or major DOD production programs.

(3) At mobilization, items listed in the Joint Chiefs' of Staff (JCS) Commander's in Chief (CINC's) and Services' CILs and IPPLs will be reviewed and reprioritized for consideration and integration with the existing DOD MUL to form a revised DOD MUL that is scenario-driven.

e. Security. When approved, the DOD MUL will be classified "Secret" and published by OSD. HQDA, OASA(RDA), will provide the approved MUL to AMC for distribution. It will be distributed by AMC on a need-to-know basis to Army activities. Interim changes will be published as amendments, and will be distributed in the same manner.

3–5. National Defense Stockpile of strategic and critical materials

a. Authority.

(1) The Assistant Secretary of Defense (Production and Logistics) (ASD(P&L)) has been delegated the National Defense Stockpile Manager (NDSM) with authority for management of the National Defense Stockpile (NDS).

(2) The Strategic and Critical Material Stock Piling Act (50 USC 98 et seq) provides that an NDS be maintained to decrease dependence upon foreign sources of supply in times of national emergency.

b. Stockpile Background.

(1) The stockpile will be sufficient to meet the military, industrial, and essential civilian needs for at least 3 years during a national emergency that would necessitate total mobilization of the U.S. economy for a sustained conventional global war.

(2) ASD(P&L) determines which materials are strategic and critical, and sets quality standards of such material to be acquired.

(3) Defense stockpile planning for strategic and critical materials will be synchronized with military strategy, technological changes, and industrial modernization.

c. HQ, AMC's role.

(1) HQ, AMC, is the Army's central control point for NDS and for strategic and critical materials issues.

(2) HQ, AMC, assists OASA(RDA) and serves as the expert for NDS and for strategic and critical materials issues. HQ, AMC, will review strategic and critical material requirements reports submitted by the AMC MSCs and associated Army activities prior to subsequent submission to ASD(P&L). ASD(P&L) may utilize the materials reports for preparation of the Annual Materials Plan. Forecasts of key quantities in Future Years Defense Program (FYDP), mobilization requirements, and surge planning will be prime factors considered in the recommendations to ASD(P&L).

d. AMC MSCs' role. AMC MSCs are required to obtain and maintain strategic and critical material data requirements in support of their programs. Where possible, the provision of this information will be included as a contact requirement from the prime contractor.

e. Release of material from the NDS.

(1) Any claimant agency may transmit a request to NDSM for release of strategic or critical material from the NDS.

(2) Requests from private companies will be forwarded through the MSCs for analysis and to HQ, AMC, for subsequent action.

(3) Requests for material release will be submitted through HQ AMC and OASA(RDA) for review, subsequent approval, and formal claimant agency submission.

(4) Justification for release will include information covering the following criteria:

(a) A description of how the material is used in the national defense programs in the military, industrial, or essential civilian sectors of the economy for which the release is requested.

(b) Evidence that the material is unavailable in either the domestic or international market.

(c) A determination that suitable substitute materials are not available.

(d) An estimate of the magnitude of the shortage of the material over the next 12 months.

(e) Evidence that the DPAS has been utilized to the fullest extent, if relevant.

(f) A determination whether export controls would help alleviate the problem.

(g) The extent of the impairment or delay in national defense programs caused by shortage of the material.

(5) In viewing a proposed NDS release, the NDSM will request as appropriate the following:

(a) Advice from the Department of Commerce, and other departments and agencies on the industrial requirements and processing capabilities of impacted firms.

(b) Estimates of available supplies from the Departments of the Interior and/or Agriculture.

(c) Information on current accessibility of foreign sources of supply from the Department of State, in consultation with the Central Intelligence Agency.

(6) The department and agency review process, listed in paragraph 3–5*e*(5), will be accomplished on an expedited basis when the NDSM determines that the emergency need for the material requires it. Based on the responses from the departments and agencies, the NDSM will evaluate the requested release.

(7) The recommendation for a release of strategic and critical materials from the NDS is made by the NDSM to the President, through the National Security Advisor. A copy of the recommendation is also provided to the Director of FEMA.

(8) Upon approval of a release by the President, the NDSM notifies the requesting claimant agency and directs the release of stockpiled materials. OASA(RDA) and HQ, AMC, in turn, notify the applicant of the release reflecting the material disposition in conformance with the President's authorization.

3–6. Diminishing manufacturing sources and material shortages

a. Description.

(1) DMSMS is the loss or impending loss of manufacturing sources, or suppliers of items, or raw materials. For example, rapid advances in microelectronics cause frequent technology-production turnover in semiconductor and other electronics manufacturing. Even though newer technology replaces older technology, existing Army systems still require the older materials.

(2) DMSMS can occur during research and development, acquisition, production, or post-production support.

(3) DMSMS affects items used and managed by the Army, and by contractors supporting DOD peacetime, surge, and mobilization requirements.

(4) Major DMSMS problems occur when the last known manufacturer ceases production of an item needed to repair or build an Army system.

b. DMSMS policy. DODI 5000.2, Part 5, Section E directs each service to enact DMSMS procedures. It is Army policy to develop measures to prevent, reduce, and resolve each DMSMS situation in a cost-effective manner.

c. DMSMS procedures.

(1) HQDA appointed HQ, AMC, as the Army proponent for DMSMS. HQ, AMC, Research, Development, and Engineering is the Army focal point and develops DMSMS guidance and procedures, under the Materials and Parts Availability Control (MPAC) Program.

(2) The Army DMSMS focal point coordinates DMSMS and item nonavailability efforts with DOD, the Services, and other Government agencies.

(3) Each AMC MSC appoints a division (focal point) that has DMSMS responsibility, and names a DMSMS POC.

(4) Each Army Project Engineering Office appoints a DMSMS POC.

(5) All POCs monitor and resolve the DMSMS and item nonavailability situations at their activity. They will also keep abreast of proactive efforts and developments.

(6) When item nonavailability or DMSMS threatens end-item production or support capability, timely and cost-effective actions are necessary.

(7) Actions taken to reduce the effects of DMSMS include preventive, proactive, reactive, and conservation efforts. Future DMSMS problems can be reduced by taking proactive procedures, such as after-market development, emulation, and advanced technology developments.

(8) Upon resolving DMSMS situations, Army activities will advise AMC's MPAC focal point of the corrective action(s) taken.

Chapter 4
Management of Industrial Equipment, Plant Equipment, and Army Reserve Plants

4–1. Background

This chapter implements DODD 4275.5, DODD 4215.18, DODI 4155.4, Part 45 of the FAR, and complements AR 700–43. It also provides policy and guidance to cover layaway, retention, maintenance, modernization, and disposal of industrial equipment in PEPs and ARPs. (This policy and guidance is needed to provide the production and maintenance capacity to support the combat readiness and sustainment of the U.S. Forces.)

4–2. Justification for use of Government property

a. The Army generally relies on private industry for support of defense production.

(1) Contractors will furnish all property necessary for production unless the Government approving official (no lower than the Activity Commander) justifies the need to provide facilities to contractors (See FAR 45.302.)

(2) Justification will take the form of a D&F. The D&F will address the fact that private financing is not available or not advantageous to the Government, and that the contract cannot be accomplished without Government facilities.

b. If private industry cannot meet the total mobilization production needs, the Army will maintain appropriate plants and equipment in an immediate use status within current budget constraints.

(1) Immediate use means that the industrial plants and equipment are operationally ready when production is actually needed.

(2) If an immediate use status does not exist, the plan necessary to obtain this readiness posture must be developed.

4–3. ARPs

Government-owned, Contractor-operated (GOCO) or Government-owned, Government-operated (GOGO) plants that provide support for mobilization production requirements, which cannot be met by private industry, will be maintained as ARPs. The use and retention of these plants will be justified.

4–4. Facilities for lethal and chemical munitions

Facilities required for the production of lethal and chemical munitions will be Government-owned.

a. Lethal and chemical munitions facilities are defined as those facilities used to manufacture propellants and explosives; to load, assemble, and pack (LAP) components and complete rounds of ammunition, and to produce lethal chemical munitions. (See para 5–2.)

b. These Government facilities require large tracts of real estate, large capital investment, and special security safeguards. They generally have no commercial use.

4–5. Retention

a. The Army will reduce Government ownership of facilities to a minimum. This may be accomplished through an orderly phasedown of current Government ownership, and by encouraging greater investment by private industry in facilities supporting Defense programs. An analysis of retaining existing production capacity versus the cost of acquisition and stockpiling mobilization reserves will be required.

b. Retained PEPs and ARPs will be kept in immediate use condition within current budget constraints. Equipment in PEPs and ARPs should not be upgraded unless a viable method also exists to assure its continued state of readiness. (See para 4–8.)

4–6. Accountability

a. Government property in the possession of contractors and subcontractors will be controlled and accounted for through procedures in Part 45 of the FAR, DFARS, and Army Federal Acquisition Supplement (AFARS). Industrial plant equipment will be reported and accounted for per AR 700–43.

b. Government property in the possession of contractors and subcontractors and not in PEPs will be removed from the plant when the property is no longer required for contract performance.

(1) The property will not be transferred to another contract unless a justification of need is obtained per FAR/AFARS 45.302 and the Army receives adequate consideration.

(2) Storage and maintenance of plant equipment remaining in the possession of a contractor after the end of production will be separately priced in a contract. "No cost" storage agreements are prohibited.

(3) An analysis of reactivation time and cost to determine if a central storage site should be considered.

4–7. Equipment upgrading

a. To make the industrial base more responsive, AMC develops and maintains a modernization plan for the orderly upgrading or replacement of industrial equipment.

b. Justification for funds to upgrade equipment will be made through Program and Budget channels.

4–8. Layaway

a. As an alternative to retaining Government-owned plants and equipment, innovative approaches are encourged to determine the true capacity available in private industry. Industries that have not previously produced military hardware could be provided technical data packages and an agreement to produce could be executed, if the capability exists.

b. The fact that an item has mobilization production requirements does not automatically mean that retention of a Government- or contractor-owned facility is required. The following should be considered:

(1) Near-term requirements.

(2) The trend in requirements.

(3) Phasedown of equipment provided to contractors.

(4) Projected response time of equipment and facilities.

c. Layaway of inactive contractor-owned industrial equipment and real property at Government expense will be considered only—

(1) As a last resort to preserve an essential industrial base.

(2) In those cases where the contractor has previously produced the planned item on the line being proposed for layaway.

d. Layaway of contractor-owned property will not be authorized unless the Government can establish an interest in the property by an appropriate contractual agreement.

e. An analysis of reactivation time and cost to retain equipment on-site versus at a Government-owned storage facility, will be documented.

4–9. Plant equipment packages

a. PEP establishment.

(1) PEPs may be established for a contractor-owned, contractor-operated (COCO) facility in order to meet mobilization production requirements.

(2) The need for a PEP must be certified by an official ranking no lower than the Activity Commander. Justification for establishment of a PEP should address such topics as—

(a) Mobilization requirements and their trends.
(b) Information on industrial equipment to be used.
(c) Equipment voids.
(d) Technical data package accuracy.
(e) Production from private industry.

(3) A written certification from the planned producer will also be provided to indicate the PEP is needed to meet the mobilization production requirements.

(4) Active and inactive Government-owned industrial equipment, which is not readily available from industry, will be in PEPs to supplement the contractor's equipment.

(5) Industrial equipment may include IPE, other plant equipment (OPE), ST/STE.

(6) Retention of less than complete production lines is allowed and a family of similar planned items can be included in PEPs.

(7) PEPs will not be established at GOGOs or GOCO plants.

(8) Requests for approval to establish a PEP will be sent through the Concurrent Engineering Activity, Rock Island, IL 61299–7260 to ASA(RDA).

b. PEP recertification. The information required for PEP recertification will be the same as that required to establish a PEP. As part of the recertification process, each PEP should be considered a candidate for discontinuance unless retention/recertification is fully justified.

(1) PEP recertifications will be prepared annually and sent through the Concurrent Engineering Activity to ASA(RDA) by 30 July.

(2) Recertifications will be signed at a level no lower than the Activity Commander. In addition, the planned producer will also certify that all the equipment in the PEP is the minimum required and is necessary to meet the assigned mobilization requirement.

c. PEP surveys. Unless otherwise approved by HQ, AMC, PEP surveys will be performed for each PEP at least every 2 years. These surveys will not necessarily require on-site review. The frequency of review will depend on the frequency of changes in planned items, mobilization requirements, technical data packages, and process planning and routing.

f. PEP Change Notice (PCN). A PCN will be submitted to AMC to reflect changes in planned producer or addition/deletion of planned items. It will constitute an official change to the PEP establishment and recertification documentation.

e. Reassignment or disposal of excess PEP equipment and ARPs. When there is no longer a requirement for a planned item or the base capability is sufficient without the PEP or ARP, the owning command will ensure that the property is identified for disposal or is reassigned.

(1) Excess property falls under two categories, excess to need and excess to ownership.

(2) If excess to need, disposal will be according to subpart 45.6 of the FAR, DFARS, AFARS, and AR 700–43, or through HQDA and General Services Administration (GSA) channels if the property is excess to ownership.

(3) A PEP will be decertified when it no longer meets the recertification criteria.

(4) Analysis and documentation to support decertification of PEPs will be prepared and forwarded to AMC for approval.

(5) After decertification of a PEP, the equipment will be immediately reassigned or property disposal action will be initiated.

4–10. Equipment not assigned to a PEP (4F category)

a. AMC may place equipment in Status Code 4F if—

(1) Mobilization base requirements are being developed in support of planned emergency production schedules.

(2) Future production is anticipated in the first 2 years of the FYDP. Equipment will not normally be held in status code 4F for more than 2 years.

b. Layaway projects for retaining equipment in status code 4F will not be executed without AMC approval.

c. Recertification of status code 4F equipment will be submitted to HQDA, SARD–RPP by 15 February annually.

4–11. Loan of industrial equipment

a. All equipment in an approved PEP or ARP will normally be retained intact and will not be allocated for other use.

b. Equipment will not be loaned for use outside the United States or Canada.

c. Requests for loans will be submitted on DD Form 770 (Request for Release of Equipment Assigned to Plant Equipment Packages).

d. An approved loan will be identified on the recertification format (Format B). (See AR 700–43.)

4–12. Budgeting and funding

a. Layaway of facilities and industrial equipment is funded with the appropriate PBS accounts of the PA.

b. Retention of facilities and industrial equipment in layaway is funded by PA.

c. Storage at contractor facilities (COCOs) will be separately priced on the contract.

d. "No cost" storage agreements will not be entered into.

e. Account definitions can be found in AR 37–100–FY and supplements thereto. (See para 5–3 and chap 7 for funding of real property.)

4–13. Equipment records

Managers of PEPs and/or ARPs are required to maintain equipment information, including voids, for all individual production lines. This is necessary to justify specific pieces of equipment being retained for a particular military item and in order to configure production lines during reactivation or mobilization.

4–14. Defense Industrial Reserve Plants/Maintenance Facilities Report (RCS DD–DR&E(A&TRI) 1272)

AMC will gather data required by DODI 4155.4 and submit the report annually to the Office of the Assistant Secretary of Defense, Production and Logistics (OASD(P&L)) by the end of the first quarter of the fiscal year. This report will enable the Congress to evaluate the administration of the Defense Industrial Reserve, the necessity and desirability of any legislative action regarding the reserve, and the essentiality, priority, and impact of Government-owned plants.

4–15. Database management

AMC will maintain a database for industrial equipment assigned to PEPs and ARPs. The database will be used as a management tool to assure equipment is under proper control, to support retention of PEPs or ARPs, and to monitor the upgrading program.

4–16. List of PEPs and ARPs

AMC will provide a listing of PEPs and ARPs to HQDA (SARD–RP), WASH DC 20310–0103 annually by the end of October. The list will include those approved, recertified, and disestablished during the previous fiscal year.

Chapter 5
Managing the Production Base Support Program (PBSP)

5–1. Overview

This chapter implements PBSP policies in DODD 4275.5, and supplements guidance in AR 37–100–FY. Included are policies and procedures for programming, budgeting, and funding of Government and private facilities that make up the Army's industrial base. Guidance is provided for initial acquisition, construction and equipping of production, production testing and depot level maintenance and

depot level supply facilities. Expansion, rehabilitation, replacement, retention, and modernization of existing facilities are also covered.

5–2. PBSP policy

a. Determination of equipment and associated facilities for major weapon systems will be part of the system development efforts. This includes all producibility engineering and production planning; depot maintenance support planning; and development of production testing necessary to ensure a rapid, successful transition from development to production.

b. The Army places primary reliance on private industry to provide facilities for production of military items. The only exception to that policy is for the production of lethal munitions because Army policy is to avoid substantial investment of private capital in production facilities solely used for the manufacture of items having no civilian use. (See paras 4–2 and 4–4.)

c. The Army places primary reliance on Government-owned facilities for depot level maintenance and production testing.

d. Facility projects will be programmed for an installation or plant according to its assigned mission and the approved master plan.

e. The DOD General Reserve will be screened for available IPE prior to obtaining new equipment. Requisitions for equipment to be shipped from the Defense Industrial Plant Equipment Center (DIPEC) will include a valid fund cite to defray the full cost of storage, repair, maintenance, and overhead.

f. Physical security, emergency readiness steps, and environmental policy will be considered during the planning and design of new Government-owned facilities.

5–3. Provision of real property facilities

This paragraph and its subparagraphs prescribe procedures for all DA agencies involved in real property transactions or construction of facilities for the Army's industrial base under non-emergency conditions. Guidance is limited to acquisition or construction of facilities using procurement appropriations.

a. Real estate.

(1) Government-owned facilities will be screened for re-use as soon as they become inactive. The review will include mobilization production requirements of the Army and other Services. Facilities for which a requirement is not documented will be declared excess to need or excess to ownership. A facility declared excess to ownership may be sold to a private firm when the firm agrees to maintain the capability of the facility for a negotiated period of time. Facilities declared excess to need will be disposed of per AR 405–90.

(2) Facilities needed for emergency requirements that do not require Government occupancy will be offered for lease. The lease will state that production capacity will be maintained in good operating condition and will be made available for military requirements.

b. Planning and design.

(1) Projects involving new construction and alterations or rehabilitation of real property will be classified by AMC as construction projects or maintenance and repair projects. The classifying is subject to all applicable construction statutes in public laws and to policy contained in AR 415–15. This classification will be determined at an on-site review of a proposed installation whenever possible.

(2) The following actions apply to new construction, alteration, or rehabilitation of real property:

(a) The project's necessity will be documented with either a production-related directive or a statement of specific deficiencies and their consequences.

(b) The using activity will evaluate production capabilities of both privately-owned and Government-owned facilities.

(c) A study will be conducted to assure that environmentally harmful wastes are minimized within the current state of the art.

(d) Installations will prepare project or subproject scopes of work, preliminary functional requirements, and preliminary DD Forms 1391 (FY, Military Construction Project Data) and Production Base Support Program exhibit data.

(e) Project Development Brochure (PDB) will be prepared using TM 5–800–3 for design criteria of work to be performed by the U.S. Army Corps of Engineers. The USACE helps develop functional requirements when requested.

(f) After review and approval at AMC level, the PDB approval letter will be sent through USACE channels to the District Engineer. In addition to the basic PDB, the resolution of all review comments and any subsequent amendments will constitute the official criteria for design.

(g) A copy of the PDB approval letter, the scope of work, estimated cost, and request for concept design authorization will be sent to USACE which will initiate design services by the supporting USACE district.

(h) Facility designs will be prepared under the supervision of the district engineer when directed by USACE. Final design will be based on previously approved concept design. Design documents will be reviewed by AMC before final design is approved to assure that all approved concept design requirements have been met. When final design has been completed by the district engineer, and approved by AMC, and the funding proponent has transferred adequate funds to the supporting USACE district, USACE provides authority to advertise for bids and award the construction contract. USACE provides validation of final design cost estimates to HQDA and responsible commands and activities in order to support the Army's PA budget submission.

c. Programming and funding for real property facility projects.

(1) Construction at GOCO plants will normally be budgeted and funded with authorized PAs in the PBSP.

(2) Construction to replace or restore damaged or destroyed facilities will be done under 10 USC 2854. Restoration of GOCO plants will be funded with PA or RDTE. MCA appropriations will be used for GOGO installations.

(3) Construction at either GOCO plants or GOGO installations may be approved for funding with Defense Environmental Restoration Accounts (DERA).

(4) The following applies to all PA funded construction at GOCOs:

(a) Construction projects will be planned, classified, justified and executed per AR 415–15; included in the normal programming and budgeting cycle; and authorized by Congress.

(b) A DD Form 1391 is required for each project or subproject costing $200,000 or more. Each single construction undertaking will be subject to the $200,000 threshold.

(c) Late start construction projects which do not exceed total construction cost of $1,000,000, in accordance with statutes for minor construction defined by 10 USC 2805, may be authorized per AR 415–35. Congress will be notified by DD Form 1391 of late-start projects with new construction exceeding $1,000,000. Late-start projects are exceptions and will be used only to meet emergencies or high-priority new requirements. P-Form documentation is required to request approval of late-start procurement project funds.

(d) Construction of authorized projects will be limited to the scope justified in hearings before OSD, OMB, and Congress, or approved as late-start projects. (See chap 7.)

d. Waivers.

(1) The USACE executes and supervises all construction and above normal maintenance and repair work. These actions can be waived when the result will be a more efficient, prompt, and cost-effective way to do the work. All sub-projects or individual line items with construction, maintenance and repair work in a project document may be considered for the waiver. Project total cost means all construction costs, contingencies, and supervision and administration inflated to the midpoint of work. USACE execution may be waived as follows:

(a) Any PA-funded projects for new construction exceeding a total cost per individual project or subproject of $200,000 or 20 percent of the minor construction ceiling, whichever is greater, will be sent through the USACE channels for approval. Maintenance and repair work which exceeds the Operations and Maintenance Army

limitation for execution by a major Army command (MACOM) will also be sent through USACE channels for waiver approval.

(b) MACOMs may approve waivers which do not exceed the above limitations. Authority to approve waivers may be delegated to subordinate commands. Information copies of all waivers will be sent to the MACOM, USACE, and the proper USACE district office. In all cases, waivers must show that in-house performance is more beneficial because of the nature of the work, the duration of the work, the type of construction trade involved, or other appropriate reasons.

(2) AMC may waive prerogative to the USACE district office for furnishing and installing production equipment when it is in the best interest of the Government and approved by the plant or installation commander and USACE.

e. Construction acceptance and evaluation. In accordance with AR 415–10 and AR 420–10, the plant or installation commander will accept all completed Corps of Engineers work.

5–4. Provision of industrial facilities (PIF)

a. PIF projects involve the design, acquisition, and construction of new facilities (including severable and non-severable property). The projects also include the redesign, rehabilitation, expansion, replacement, modernization, and conversion of existing facilities. Prove out of the facilities is funded from a separate "Components for Prove Out" line for ammunition facilities and from the end item budget line for other appropriations.

b. PIF projects will be included in the budget only when a new start request (as required by AR 5–20) has been approved or waived as meeting exclusion criteria, and—

(1) A requirement has been clearly justified and validated.

(2) Private industry cannot provide the required capacity without Government assistance. Evidence must be available to show that efforts were made to attract commercial investment except when facilities are for production of lethal munitions.

(3) Capacity is required at GOGO facilities under the arsenal statutes.

(4) Substantial economic benefit will accrue to the Government.

(5) Projects are justified based on the most current HQDA/OSD sizing guidance.

(6) A waste minimization study has been completed and results incorporated in equipment and construction designs to assure that harmful wastes are minimized within the state of the art.

c. PIF projects will, usually, be funded by PA with associated hardware funds. Should more than one end item be involved, the project may be funded by Production Base Support (PBS) or a combination of funds to be determined by HQDA and AMC.

d. PIF projects are grouped as follows:

(1) *Initial Production Facilities (IPF).*

(a) IPF projects consist of real property, IPE, OPE, ST/STE-related production line setup or engineering needed to translate the Technical Data Package (TDP) into production. Minor changes to the TDP during Low Rate Initial Production (LRIP) may also be involved.

(b) IPF projects support LRIP of systems, end items, or components. The size of initial production facilities will be based on the most current OSD/HQDA guidance.

(2) *Modernization (MOD) projects.* MOD projects improve industrial facilities through new construction or alterations to existing real property, replacement, modification, rearrangement, or addition of IPE, OPE, ST/STE which add production or maintenance capability to increase economic, quality, time, safety, environmental, or security advantages.

(3) *Expansion (EXP) projects.* EXP projects create additional capacity for new items or add to existing capacity for existing items. An expansion project is a normal follow-on to an IPF and may include new construction if necessary to meet peacetime or mobilization production requirements.

(4) *Production Support and Equipment Replacement (PSR) projects.*

(a) PSR projects maintain the designed capacities and capabilities of the active portion of Government-owned industrial facilities. This is done through equipment replacement or, to correct normal deterioration of equipment and real property, through upgrading or limited modernization. Upgrading includes rehabilitation, rebuilding, remanufacturing, and exchanging (for example, from the DOD General Reserve).

(b) Limited modernization of active facilities is authorized up to $900,000 per sub-project.

(c) Safety corrections in production areas will be included within a single PSR subproject only if these corrections are not an integral part of a MOD, EXP or IPF being executed or scheduled for the same year.

(d) Latest expense/investment thresholds approved by Congress will be utilized for individual equipment items.

(e) PSR projects will be closely reviewed so that only essential items are funded. Furniture and equipment which do not directly support production will not be funded under PSR projects.

(f) Only one PSR project will be submitted by each active installation or plant in any given fiscal year.

5–5. Depot maintenance plant equipment (DMPE) projects

a. DMPE includes IPE; OPE; test, measurement, and diagnostic equipment (TMDE); and ST/STE required to perform depot level maintenance.

b. DMPE projects support the depot maintenance workload mission and will be justified on the basis of the approved 5-year maintenance workload projections.

c. Equipment may be obtained through local procurement or fabrication or through contractors who are providing facilities for production of the system, end item, or component being supported.

d. New weapon system DMPE may be funded with PBSP, associated hardware funds, or a combination of both. A final decision will be made jointly by HQDA and AMC or will be based on OSD guidance for specific items.

e. DMPE projects will include costs for installation, site preparation, and transportation. Such projects exclude costs—

(1) For research, development, and test activities related to the development of plant equipment.

(2) To develop test program software when required for use with the depot maintenance plant equipment.

f. Expense/investment thresholds approved by Congress will be applied to all replacement DMPE, but not to DMPE required to establish new weapon system capability.

g. System developers will include in the development contract data items that provide for identification of DMPE requirements. One copy of DMPE documentation will be provided to AMC.

5–6. PIF and DMPE project funding

PIF and DMPE projects may be funded under procurement appropriation for associated hardware accounts or the PBSP. PIF and DMPE projects will be supported on P–15 Formats (P–25 for ammunition) specified by OSD in DOD 7110–1M regardless of funding source. Instructions in the Budget Guidance Manual will be supplemented by annual call letters prepared by HQDA and AMC.

5–7. Economic justification

a. Any PBSP project or subproject must be supported by an economic analysis (EA) or include a valid justification for exemption. AR 11–18 provides guidance for preparation of EAs.

b. Any analytical study (regardless of its title or type) may be considered an economic analysis if it contains the appropriate elements as defined in AR 11–18. A modernization, expansion, initial provision of facilities, or DMPE project may be the direct result of a decision that was based on a cost and operational effectiveness analysis (COEA), a site selection study, or a detailed workloading study. If such a study was performed and the results are still applicable to the scope of the current project, this study may be specifically referenced in lieu of preparing an additional economic analysis.

c. Industrial plant equipment will be justified by DD Form 1106

(Industrial Plant Equipment Replacement Analysis Worksheet) per AR 700–43.

5–8. Project execution

a. PBSP Projects will be approved and executed per DODD 4275.5. Cost growths and changes in scope to approved projects will be reviewed and approved at various levels in accordance with policy provided by ASA(RDA).

b. Procurement appropriations are available for obligation for 3 fiscal years. A quarterly analysis of all unobligated balances in the PBSP is required. Format and instructions will be determined by AMC.

Chapter 6
Production Engineering

6–1. Description

a. This chapter implements DOD 7110–1M, DODD 5000.44, DODI 4200.15, and DODI 5000.2. It also defines how Production Engineering supports the Army's Industrial Base Program.

b. The Army will evaluate technology needs by analyzing production and facility requirements and identifying those operations that should be supported by the Production Engineering program.

c. Production Engineering projects will expand new technology into practical production processes.

d. The Army Production Engineering program will not include projects that support basic research. The feasibility of the manufacturing process must have been demonstrated by experiment or by estimating from experimental data.

e. Specific programs involved in Production Engineering are—

(1) Producibility Engineering and Planning.
(2) Manufacturing Technology Program.
(3) Industrial Modernization Incentives Program.
(4) Nondevelopmental Items.
(5) Engineering in Support of Items in Production (ESIP).
(6) Post Production Engineering (PPE).
(7) Quality Assurance Testing (QAT).
(8) Value Engineering (VE).

6–2. Hazardous waste

When new facilities or modernization of existing facilities are determined as part of a Production Engineering effort, Hazardous Waste Minimization (HAZMIN) should be considered early in the acquisition cycle to reduce hazardous waste problems later. Materials proposed for new systems should be compared with the current ways to eliminate the use of hazardous materials, replace them with less hazardous materials, or reduce quantities per AR 200–1 and AR 200–2.

6–3. Funding

a. Industry will be encourged to undertake Production Engineering efforts using corporate funds.

b. Funding of production engineering efforts will be planned, budgeted, and programmed on the basis of annual anticipated requirements. These funds come under the PA, RDTE, and OMA appropriations RDTE, and OMA appropriations.

c. Technology data, technology forecasting, and identified cost drivers will be used to develop comprehensive plans for future funding.

d. Funding to support industrial base projects will be done in accordance with chapter 7 of this regulation. (See also para 6–5.)

6–4. Producibility Engineering and Planning Program

a. The Producibility Engineering and Planning Program encompasses those planning and engineering projects that are undertaken by the materiel developer, commencing with feasibility studies and extending through full-scale production. This is done to ensure that the design of a specific end item is capable of being produced in accordance with the production schedule and in the most cost effective manner possible within design and specification constraints. Producibility engineering and planning will be conducted per AR 70–1 and AR 70–72.

b. Producibility Engineering and Planning Projects are oriented toward the simultaneous development of cost effective manufacturing processes to address peacetime as well as surge and mobilization production rates. As the design evolves, consideration of manufacturing constraints on the selection of design parameters for weapon system, components, and end items must be addressed.

6–5. MANTECH Program

a. The MANTECH Program implements policies contained in DODI 4200.15.

b. MANTECH tasks—

(1) Provide for the adaptation of technology to manufacturing processes, techniques, and equipment to produce timely and economical solutions for current or anticipated problems in the manufacture of materiel.

(2) Are broad based in application and are intended to significantly improve the productivity and responsiveness of the defense industrial base through the application of new or improved technology.

(3) Are undertaken by the materiel developer in conjunction with contractors to—

(a) Reduce cost.
(b) Improve quality.
(c) Shorten production lead time.
(d) Increase producibility.
(e) Enhance job safety.
(f) Reduce risk of transitioning the item from development to production.
(g) Extend the state-of-the-art in manufacturing from the early identified barriers to production for emerging technology through solutions to cost drivers in production and application of technology to rebuild and remanufacture.

c. The Army will actively participate in the DOD Manufacturing Technology Advisory Group (MTAG). The Army will—

(1) Coordinate projects/tasks with the MTAG to avoid duplication, to enhance technology transfer, and to assure the technology is not available from other sources.

(2) Consider joint Service projects when cooperative efforts increase the benefits to the Army.

d. The MANTECH program will not fund—

(1) Basic research efforts or projects.
(2) Routine applications of existing technology.
(3) Projects specifically intended to change an end item's design.
(4) Changes to the TDP of a particular end item or component.
(5) Purchase of off-the-shelf capital equipment, (unless it constitutes a minor portion of the investment and is required to establish the first-case application of the MANTECH deliverable).
(6) Implementation of manufacturing technology beyond first-case.
(7) Factory floor application.
(8) Performance testing of materiel, except to validate the manufacturing process resulting from a MANTECH project.

e. Thrust Areas.

(1) Thrust Areas are broad technologies with significant issues for Army, DOD, and U.S. industrial base manufacturing. They are established to coordinate related tasks; to leverage resources by cooperation with industry, academia, and other Government agencies; and to develop broad improvements in manufacturing capabilities.

(2) Priority of technical effort, appropriateness of funding requirements, and objectives and products are established by the designated Thrust Area Manager and Steering Committee.

(3) MANTECH Program Plans are developed each year by the MSCs and Thrust Area Managers. Each plan will provide a technical summation of the problem, solution, and areas of application of MANTECH tasks with a priority sequence.

(4) Single issue tasks have high payoffs in potential cost reduction, advanced technology for Army owned facilities, or they resolve serious impediments to production success in actual application.

(5) Each task will be submitted as Exhibit RD–6 Manufacturing Technology Project using format and instructions contained in DOD 7110–1M, and as further required by AMC call letter. Thrust Area Managers will prepare an overall proposal and RD–6 for their technical effort and coordinate the related tasks within that Thrust Area. Each task must be planned completely and documented to justify the required funds on its own individual merit.

(6) The Army will maintain a system for documenting project results, recording how they have been implemented, and will assure that the results of the MANTECH program are disseminated through information transfer mechanisms. Status reports are required by DODI 4200.15, DOD 7110–1M, and other requirements as specified by HQ, AMC.

6–6. Industrial Modernization Incentives Program (IMIP)

a. The IMIP implements policies contained in DODD 5000.44.

b. IMIP offers incentives to industry for improving the defense industrial base, based on a structured analysis and implemented through a business agreement, to—

(1) Increase the use of new manufacturing technology, modernization, and engineering/management support.

(2) Increase productivity.

(3) Increase surge and mobilization capacity.

(4) Shorten lead times.

(5) Reduce weapon system acquisition cost.

(6) Improve product quality and reliability.

c. IMIP is conducted in three phases.

(1) Phase I efforts provide a top-down structure "factory analysis" of current operations to determine the "as is" status. Phase I also identifies modernization opportunities through the development of a conceptual "to be." The funding of this phase may be assisted by the Government. This effort will establish priorities and schedules for all recommended tasks that will be further developed and defined in Phase II.

(2) Phase II is the detailed design, development, and validation of the new manufacturing system. This phase generally consists of developing and validating modernization opportunities identified in Phase I. The funding of this phase may be assisted by the Government.

(3) Phase III is the investment and implementation of the proposed projects. This phase generally consists of incorporating IMIP projects that were developed and validated in Phase II into the contractor's facility. During this phase the contractor makes capital investments in equipment needed to implement the IMIP projects. Upon implementation of the modernization projects during Phase III, IMIP savings start accruing to the Government; and the contractor may be rewarded as negotiated between the parties. The funding of this phase is provided by the contractor unless the facilities and/or equipment are owned by the Government. Funding from other sources will be identified prior to initiation of a IMIP project in the case of Government ownership.

d. IMIP tasks are justified on "P" Forms specified by DOD 7110–1M and as further required by AMC call letter.

6–7. Nondevelopmental Items (NDI) Program

a. NDI tasks will be conducted per DODI 5000.2. The funded portion of the NDI program encompasses those tasks undertaken by the materiel developer to explore the feasibility of adapting commercially available items to satisfy an approved materiel requirement (for example, Required Operational Capability (ROC)) with minimal expenditure of Army RDTE funds.

(1) *Market investigations.* This portion of the NDI program encompasses the investigation and analysis of the items that are state-of-the-art. Market investigations determine how closely commercial items will satisfy the Army's requirements. Market acceptability is established for similar items under comparable environmental conditions. Suitability for military use is determined, which includes ascertaining whether the items can be adequately supported once they are fielded.

(2) *Operational testing.* This portion of the NDI program encompasses the actual modification of the items, and the testing of those modified items to determine that they can satisfy the Army's requirements.

b. NDI tasks.

(1) An NDI Program Plan will be developed each year by the MSCs. The plan will provide a technical summation of the problem, solution, and areas of application.

(2) Each task will be submitted as Exhibit RD–6 using format and instructions contained in DOD 7110–1M and as further required by AMC call letter. Based on the program plan, MSCs will prepare requests for funds. Each funding request must be identified to a specific project and stand on its own individual merit.

(3) The Army will maintain a system for documenting project results and recording how the results have been implemented. Status reports are required as specified by HQ, AMC.

6–8. Engineering in Support of Items in Production (ESIP) Program

a. ESIP encompasses engineering efforts to conduct any nonrepetitive investigation, inspection, analysis, evaluation, or test efforts which will impact on the software or hardware, producibility, reliability, quality, maintainability, or logistic support of the weapon system being produced. ESIP begins with first production of an end item and extends throughout production. The following are examples of engineering tasks typically performed under ESIP:

(1) Investigating the causes of malfunctions not previously observed during development testing, first article testing, acceptance testing, or in operational usage of type-classified materiel.

(2) Uncovering suspected but undetermined defects in operational or stored materiel which is not newly manufactured (that is, has been owned by the Government for more than 60 days).

(3) Re-establishing, on a one-time basis, the reliability of stored items which have become suspect due to malfunctions in like items issued to users.

(4) Revising or establishing—

(a) Surveillance criteria.

(b) Safe life criteria (except Army Stock Fund (ASF) cannons and gun tubes).

(c) Service life.

(d) Shelf life of non-ASF items.

(e) Use criteria, or similar yardsticks for items currently in use or in inventory. Such effort may include test or operating data collection; performance or service evaluation; and analyses to establish or improve reliability, maintainability, or safety of type classified/adopted items.

(5) Developing and maintaining the TDP for an item in production.

(6) Correcting current production problems requiring engineering effort.

(7) Developing data or performing preliminary investigations which may lead to a formal materiel change or engineering study.

(8) Developing and evaluating Value Engineering Proposals.

b. ESIP exclusions

(1) Specifically excluded from the ESIP activity described above is any action taken prior to type classification to correct known defects or deficiencies in the current design or TDP of an end item.

(2) Also excluded are—

(a) Quality assurance tests which regularly occur during other normal life cycle periods, such as newly procured material inspections.

(b) Depot receiving or shipping inspections.

(c) Cyclic inspections of stored material.

(d) Other supply administration, warehousing, storage, or maintenance inspections.

(3) Although engineering and quality testing activities discussed above may find defects or deficiencies, actions to correct them

would require a reprocessing effort and would fall under the provisions of AR 70–15. This reprocessing of materiel requires a formal submission, review, and evaluation of each proposed material change to ensure that only essential improvements are given priority and adapted over nonessential or lower priority change proposals. (See also ESIP maintenance and support exceptions.)

c. Maintenance and support. Special policies for contracting for engineering related to maintenance and support of production are as follows:

(1) *Sustaining engineering.* An engineering effort performed by the contractor which is necessary to maintain delivery of production hardware, and is directly related to manufacturing operations, will be procured on the associated production contract. Cases where such engineering efforts are obtained on other than a fixed price basis, and cases where these efforts do not decline in amount over the item production cycle, will be justified in the Acquisition Plan.

(2) *Exceptions.* ESIP will be included in the hardware production contract and priced in a manner that ensures maximum contractor responsibility. Exceptions to this policy are as follows:

(a) ESIP that is performed in-house and any general contract support required to supplement these in-house efforts across many weapon systems, such as drafting, configuration status accounting, and technical data maintenance.

(b) ESIP that is broken out and competed.

(3) *Deviations.* Any deviation from this policy will require a waiver from the Deputy Chief of Staff for Acquisition, Headquarters, U.S. Army Materiel Command.

6–9. Post production engineering (PPE)

PPE encompasses some tasks similar to ESIP but only when that end item is out of production. The end item is considered out of production when final delivery has been made under an existing direct Army funded contract.

6–10. QAT

QAT encompasses first article testing (preproduction or initial production), comparison testing, and quality conformance testing. These are defined as follows:

a. First article testing. Testing that is conducted on new items or systems obtained from the initial production of a first production or follow-on contract to verify the adequacy and quality of materiel. Such testing confirms the fact that the manufacturer can actually furnish a satisfactory product from a proven TDP or set of work specifications, thereby minimizing risk for both the contractor and the Government. (See FAR 9.3 and AR 702–9.)

b. Comparison testing. Test that is conducted on random samples of production line items to detect any design, manufacturing, or quality deficiencies developed during volume production which may have reduced the item's effectiveness or resulted in item degradation. (See AR 702–9.)

c. Quality conformance or acceptance testing. Testing that is conducted on each item, item lot, or service by the on-site DCAs or Army quality assurance representative to ensure that performance specified in the contract is achieved. (See AR 702–9.)

6–11. VE Program

VE projects are implemented to enable Army systems, operations, facilities, equipment, and supplies to function and be provided at the lowest total cost consistent with requirements of performance, reliability, quality, maintainability, and safety. The appropriation financing the prime program will normally bear the costs of VE actions. (See AR 5–4 and DOD 5000.2M.)

Chapter 7
Funding the Army Industrial Base Program

7–1. Army Industrial Base Program funding policy

AR 37–100–FY establishes official accounting codes and terminology for classifying financial and budgeting transactions under the Army Industrial Base Program. Determination of appropriate funding sources for projects PA, RDTE, Military Construction, Army (MCA), OMA, Army Industrial Fund (AIF), or other operating fund) will be made by the Assistant Secretary of the Army, Financial Management.

7–2. Industrial preparedness operations (IPO)

The IPO program is funded through Operations and Maintenance Army (OMA), program element 728011. Principal sub-elements of this Program Element (PE) are as follows:

a. Industrial base planning required to support the Army's industrial capability to provide materiel to authorized forces during emergency, nonavailable material/item situations, and mobilization.

b. Administration and Project Management of the PBS Program which supports the planning and administration of the PBS and MANTECH programs, and IPMs during execution and budget/program preparation.

c. Industrial Base Management which supports overall financial management and includes—

(1) The development of workload factors related to the IPO program.

(2) Management and operation of technical data repositories for items not in current production.

(3) DMSMS.

(4) DPAS.

(5) The management of Army-controlled industrial equipment and plant inspections.

(6) Reports that are required to justify and support IPO requirements during program and budget preparation and to detail execution of the IPO program. Specific details of the reports and timing for submissions will be determined by each MACOM receiving IPO funds. Workload factors will be developed and updated to assist in management and justification of the program.

7–3. Production engineering

Guidance on production engineering efforts is contained in chapter 6. For specific RDTE guidance, see AR 70–6. These efforts will be funded as follows:

a. Producibility engineering and planning. Efforts will be programmed and budgeted by the weapon system developer in the RDTE appropriation.

b. MANTECH projects approved by the Office of the Assistant Secretary of the Army, Research Development & Acquisition, are funded in the RDTE appropriation, Program Element 78011.

c. IMIP projects are programmed and budgeted in a separate budget line in Procurement Appropriations.

d. NDI is funded in RDT&E Appropriation with Program Element 65810A.

e. ESIP. Program, Project, and Product managers will include sufficient ESIP funding to support engineering efforts in their weapon system hardware lines in the applicable procurement appropriation.

f. VE. Funds to support the DOD VE Program and expenses will be included for training, projects, development and testing of internal or contractor VE proposals, and payment of the contractor share of savings that occur in future budget years or in different budget accounts. The VE Program, in conjunction with industrial readiness, is funded in the Procurement Appropriations.

g. PPE. Inspection and testing of PA or stock fund components, parts, or assemblies integral to investment type end items, and that are out of production, will be programmed, budgeted, and charged to OMA 738017.

h. QAT.

(1) First article testing of PA items will be funded from the PA hardware account of the item being tested.

(2) Quality conformance or acceptance testing. Examination of either ASF or PA items conducted in COCO or GOCO facilities by an Army agency will be financed by that agency with available OMA funds and charged specifically to account 721113.2. Testing of ASF items by Army agencies at Government-operated installations or industrial testing laboratories to determine compliance with contract specifications will be financed by the procuring agency with available OMA funds and charged specifically to account 721113.3.

7–4. Production Base Support (PBS)

Costs for establishing and maintaining industrial facilities will be included as part of item costs in the applicable end item PA budget. When the facility requirement will satisfy more than one end item, the PBS line of the applicable PA will be used.

a. PAs may be used for—

(1) Initial acquisition.
(2) Expansion.
(3) Rehabilitation.
(4) Replacement.
(5) Modernization.
(6) Layaway of facilities.
(7) Care and maintenance of laidaway facilities.
(8) Market surveys concerning private investment.

b. When government-owned industrial facilities are contractor-operated and the contractor is responsible for the operation and maintenance of the facility, real property facilities acquired or constructed will be financed by the applicable PA.

c. Construction or acquisition of real property at GOGO industrial facilities will be financed with MCA funds.

7–5. DMPE

Contract data items pertaining the the acquisition of DMPE are the programming and funding responsibility of the procurement system developer and should be considered integral to the equipment acquisition cost. The acquisition of technical data information should not be deferred and funded from another appropriation due to a lack of system procurement funding at the time of purchase. OMA 738017 will be used where technical and engineering data, such as engineering drawings, engineering technical standards, and technical manuals, are required for out-of-production equipment. This data must impact equipment maintenance efforts.

Appendix A
References

Section I
Required Publications

AR 5–4
Department of the Army Productivity Improvement Program. (Cited in para 6–11.)

AR 5–20
Commercial Activities Program. (Cited in para 5–4.)

AR 11–18
The Cost and Economic Analysis Program Evaluation for Resource Management. (Cited in para 5–7.)

AR 37–100–FY
The Army Management Structure. (Cited in paras 1–11, 4–12, 5–1, and 7–1.)

AR 70–1
Systems Acquisition Policy and Procedures. (Cited in paras 2–4, 6–4, and 6–7.)

AR 70–6
Management of the Research, Development, Test and Evaluation Army Appropriation. (Cited in para 7–3.)

AR 70–15
Product Improvement of Material. (Cited in para 6–8.)

AR 70–72
Production Readiness Planning and Reviews. (Cited in para 6–4.)

AR 405–90
Disposal of Real Estate. (Cited in para 5–3.)

AR 415–10
General Provisions for Military Construction. (Cited in paras 1–10, and 5–3.)

AR 415–15
Military Construction (MCA) Program Development. (Cited in paras 1–10, and 5–3.)

AR 415–20
Project Development and Design Approval. (Cited in para 1–10.)

AR 415–35
Minor Construction, Emergency Construction and Replacement of Facilities Damaged or Destroyed. (Cited in para 5–3.)

AR 420–10
Management of Installation Directorates of Engineering and Housing. (Cited in para 5–3.)

AR 700–43
Defense Industrial Plant Equipment Center Operations. (Cited in paras 1–11, 4–1, 4–6, 4–9, 4–10, and 5–7.)

AR 702–9
Production Testing of Army Materiel. (Cited in para 6–10.)

AR 715–5
Department of Defense Priorities and Allocations Manual. (Cited in paras 1–11, and 3–2.)

Section II
Related Publications

Army Federal Acquisition Regulation Supplement (AFARS) Parts 1, 6, 13, 25, and 45

AR 200–1
Environmental Protection and Enhancement

AR 200–2
Environmental Effect of Army Actions

AR 750–1
Army Materiel Maintenance Concepts and Policies

Defense Federal Acquisition Regulation Supplement (DFARS) Parts 1, and 25

Federal Acquisition Regulation (FAR) Parts 1, 6, 9, 13, 25, and 45

DODD 4005.1
Industrial Preparedness Program

DOD 4005.3–H
Register of Planned Emergency Producers

DOD 4005.3M
Industrial Preparedness Planning Manual

DODD 4215.18
Management of Defense-owned Industrial Plant Equipment

DODD 4245.8
Value Engineering Program

DODD 4275.5
Acquisition and Management of Industrial Resources

DODD 4405.6
Delegation of Authority to Assistant Secretary of Defense for Acquisition and Logistics

DODD 5000.1
Defense Acquisition

DOD 5000.1
Major Systems Acquisition

DOD 5000.19
Policies for the Management and Control of Information Requirements

DOD 5000.2M
Defense Acquisition Management Documentation and Reports

DODD 5000.44
Industrial Modernization Incentives Program

DOD 7110–1–M
Department of Defense Budget Guidance Manual

DODI 4005.3
Industrial Preparedness Planning

DODI 4155.4
Inspection and Reporting of Departmental Industrial Reserve Plants/ Maintenance Facilities

DODI 4200.15
Manufacturing Technology Program

DODI 4400.1
Department of Defense Priorities and Allocations Manual

DODI 4410.3
Policies and Procedures for the DOD Master Urgency List (MUL)

DODI 5000.2
Defense Acquisition Program Procedures

15 CFR 700
National Security Industrial Base Regulation, Defense Priorities and Allocations System

10 USC 2304
Purchases and Contracts: Formal Advertising; Exceptions

10 USC 2805
Unspecified Minor Construction

10 USC 2854
Restoration or Replacement of Damaged or Destroyed Facilities

50 USC 98 et seq
Acquisition and Development of Strategic Raw Materials

TM 5–800–3
Project Development Brochure

Section III
Prescribed Forms
This section contains no entries.

Section IV
Referenced Forms

DD Form 770
Request for Release of Equipment Assigned to Plant Equipment Packages

DD Form 1106
Industrial Plant Equipment Replacement Analysis Worksheet

DD Form 1391
FY , Military Construction Project Data

DD Form 2575
Department of Defense Industrial Base Program Production Capacity Survey

DD Form 2575–1
Department of Defense Industrial Base Program Crisis Production Survey

DD Form 2575–2
Department of Defense Industrial Base Program Industrial Facility Survey

DD Form 1664
Data Item Description

Appendix B
Organizational Involvement
The following delegation of authority and involvement in the Army Industrial Base Program has been established by law and by Presidential Directives.

B–1. National Security Council (NSC)
The NSC is the principal forum for Presidential consideration of foreign policy issues and national security matters. The NSC gathers facts and views of appropriate Government agencies, conducts analyses, determines alternatives, and presents to the President policy choices for decision. The President's decisions are announced by Presidential Directive (PD).

B–2. Federal Emergency Management Agency (FEMA)
The FEMA—

a. Coordinates and implements policy and programs for mobilization readiness of Federal agencies.

b. Maintains plans for meeting crises arising from resource unavailability (for example, market disruptions and material shortages).

c. Develops general emergency policies and procedures for claimant and resource agencies with potential military, foreign, industrial, and consumer needs; guides resource management agencies in developing allocation methods and controls.

d. Coordinates Federal actions on strategic relocation of essential industries, services, and governmental or economic activities.

B–3. Secretary of Defense
The Secretary of Defense develops and issues policy, procedures, and guidance to ensure a sustained state of industrial readiness for meeting various military contingencies; to provide a basis for planning, programming, and budgeting for industrial base responsiveness improvements; and to guide the allocation of available surge and mobilization industrial capacity.

B–4. The Joint Staff
The Director of the Joint Staff advises the JCS on the status of industrial mobilization capabilities and its impact on operations plans, provides input from the Unified and Specified Commands, and prepares the industrial mobilization section of the annual posture statement (presented to Congress by the Chairman of the JCS).

B–5. Department of the Army
The Department of the Army—

a. Determines mobilization requirements and surge items, and executes the planning and programming necessary to ensure an adequate industrial base to meet those requirements. Thus the Army—

(1) Establishes a prioritized item selection system for surge and mobilization industrial base planning. Required items are maintained on a Critical Items List, which provides the basis for a broader Industrial Preparedness Planning List.

(2) Sends requirements to the U.S. Navy, U.S. Air Force, or Defense Logistics Agency for any item on the IPPL that is their planning responsibility.

(3) Sends requirements to DLA for the Armed Services Production Planning Officer for planning with industry.

b. Conducts detailed industrial base planning per DODD 4005.1, DODI 4005.3, DOD 4005.3M, and DODI 5000.2 which—

(1) Implements a total approach to planning that considers war reserve materiel, the industrial base, and any other planning action necessary to respond to surge and mobilization emergencies.

(2) Integrates the DOD Diminishing Manufacturing Sources and Material Shortages and procedures (as specified in DODI 5000.2) with industrial base planning efforts. The purpose is to ensure timely action when essential end item production capabilities are endangered by the loss or impending loss of manufacturing sources or required materiel.

c. Submits a biennial PBA to the Office of the Secretary of Defense. The PBA includes projections of expenditures necessary to establish and maintain an industrial base capable of meeting potential mobilization requirements and surge. (See chap 2.)

B–6.
Headquarters, U.S. Army Materiel Command (HQ, AMC) executes, implements, and manages IBP for the Army.

Glossary

Section I
Abbreviations

AAE
Army Acquisition Executive

AAO
Authorized Acquisition Objective

A/E
architect/engineer

AFARS
Army Federal Acquisition Regulation Supplement

AIF
Army Industrial Fund

AIBP
Army Industrial Base Program

AMC
U.S. Army Materiel Command

AR
Army Regulation

ARP
Army Reserve Plant

ASARC
Army Systems Acquisition Review Council

ASA(I&L)
Assistant Secretary of the Army (Installations and Logistics)

ASA(RDA)
Assistant Secretary of the Army (Research, Development, and Acquisition)

ASD(P&L)
Assistant Secretary of Defense (Production and Logistics)

ASF
Army Stock Fund

ASPPO
Armed Services Production Planning Officer

CG, AMC
Commanding General, U.S. Army Materiel Command

CIL
Critical Items List

CINC
Commander in Chief

COCO
contractor-owned, contractor operated

COEA
cost and operational effectiveness analysis

CONUS
continental United States

CRISP
commercial required item substitute planning

D&F
Determination and Finding

DA
Department of the Army

DCSLOG
Deputy Chief of Staff for Logistics

DCSOPS
Deputy Chief of Staff for Operations and Plans

DERA
Defense Environmental Restoration Accounts

DFARS
Department of Defense Federal Acquisition Regulation Supplement

DIBP
direct industrial base planning

DID
data item description

DIPEC
Defense Industrial Plant Equipment Center

DLA
Defense Logistics Agency

DMPE
depot maintenance plant equipment

DMSMS
diminishing manufacturing sources and material shortages

DOD
Department of Defense

DODD
Department of Defense directive

DODI
Department of Defense instruction

DPA
Defense Production Act

DPAS
Defense Priorities and Allocations System

DPG
Defense Planning Guidance

D to P Day
D-Day to Production Day

DUSD(I&IP)
Deputy Under Secretary of Defense, Industrial and International Programs

EA
economic analysis

ESIP
engineering support of items in production

EXP
expansion

FAR
Federal Acquisition Regulation

FEMA
Federal Emergency Management Agency

FMS
foreign military sales

FYDP
Future Years Defense Program

GMR
Graduated Mobilization Response

GOCO
Government-owned, contractor-operated

GOGO
Government-owned, Government-operated

GSA
General Services Administration

HAZMIN
Hazardous Waste Minimization

HQ, AMC
Headquarters, U.S. Army Materiel Command

HQDA
Headquarters, Department of the Army

IBP
industrial base planning

IMIP
Industrial Modernization Incentives Program

IPE
industrial plant equipment

IPF
initial production facilities

IPM
Industrial Preparedness Measure

IPO
Industrial Preparedness Operations

IPPL
Industrial Preparedness Planning List

J&A
Justification and Approval

JCS
Joint Chiefs of Staff

JMPAB
Joint Materials Priorities Allocations Board

LRIP
Low Rate Initial Production

LRRDAP
Long Range Research and Development Acquisition Plan

MACOM
major Army command

MANTECH
manufacturing technology

MCA
Military Construction, Army

M-Day
mobilization day

MER
minimum economic rate

MOD
modernization

MOU
Memorandum of Understanding

MPAC
Materials and Parts Availability Control Program

MSC
major subordinate command

MSR
minimum sustaining rate

MTAG
Manufacturing Technology and Advisory Group

MUL
DOD Master Urgency List

NDI
nondevelopmental item

NDS
National Defense Stockpile

NDSM
National Defense Stockpile Manager

NSC
National Security Council

OASA(RDA)
Office of the Assistant Secretary of the Army (Research, Development, and Acquisition)

OASD(P&L)
Office of the Assistant Secretary of Defense Production and Logistics

OCONUS
outside the continental United States

ODCSLOG
Office of the Deputy Chief of Staff for Logistics

ODCSOPS
Office of the Deputy Chief of Staff for Operations and Plans

OMA
Operation and Maintenance, Army

OPE
other plant equipment

OSD
Office of the Secretary of Defense

PA
procurement appropriations

PAM
Priorities and Allocations Manual

PBA
Production Base Analysis

PBS
production base support

PBSP
Production Base Support Program

PCN
Plant Equipment Package Change Notice

PD
Presidential Directive

PDB
Projective Development Brochure

PE
Program Element

PEO
Program Executive Officer

PEP
Plant Equipment Package

PIF
provision of industrial facilities

PM
product, program, project/manager

POC
point of contact

PPBES
Planning, Programming, Budgeting, and Execution System

PPE
post production engineering

PRR
Production Readiness Review

PPS
Production Planning Schedule

PSR
production support and equipment replacement

QAT
quality assurance testing

R&D
research and development

RAM
reliability, availability, and maintainability

RDTE
research, development, test, and evaluation

RFP
Request for Proposal

RPF
real property facilities

ROC
Required Operational Capability

SSAC
Source Selection Advisory Council

ST/STE
special tooling/special test equipment

TDP
technical data package

TMDE
test, measurement, and diagnostic equipment

USACE
U.S. Army Corps of Engineers

VE
value engineering

Section II
Terms

Acquisition Activity
The organization element of a military department or other Government agency that has contracting authority.

Allocation of capacity
Assigning capacity within a plant to manufacture or repair defense planned items.

Allocations
Within Defense Materials System, authorization to issue purchase order for specific quantities of controlled materials (steel, copper, aluminum, nickel alloy), utilized only for defense production purposes, or replacement of materials used for such purposes.

Alterations (real property facilities)
A change to interior or exterior facility arrangements to improve its current purpose. This includes installed equipment made a part of the existing facility. Additions, expansions, and extensions are not alterations.

Armed Services Production Planning Officer
The Government designee responsible for performing industrial readiness planning in plants under their cognizance.

Army reserve plants
Industrial facilities in active or inactive status as a reasonable reserve production capacity and potential. These facilities may be GOGO or GOCO. They consist of those facilities which are retained and used in their entirety or in part or maintained in idle status for production of military weapons systems, munitions, components, and supplies.

Authorized Acquisition Objective
The quantity of an item authorized for peacetime acquisition to equip the U.S. Army approved force and specified allies in peacetime and sustain these forces in wartime from D-Day through the period and at the level of support prescribed by the latest OSD Materiel Support Planning Guidance. The authorized acquisition objective is the gross requirement minus the production offset.

Constraining rate analysis
The vehicle that integrates industrial readiness planning into the acquisition process and is used to support decisions regarding competition and the restriction of specific procurement actions.

Construction
The erection, installation, or assembly of a new facility; the addition, expansion, extension, alteration, conversion, or replacement of an existing facility; relocation of a facility from one installation to another; installed equipment made part of the facility, related site preparation, excavation, filling, landscaping, or other improvements.

Contracting Activity
The organization elements of a military department or agency, or of a participating civilian agency, which has procurement responsibility and therefore industrial readiness planning responsibility for one or more planning items.

Critical components
Components which require unique processes and/or skills which cannot be duplicated within current production leadtimes or surge build-up schedules.

Critical item
An essential item that is in short supply or expected to be in short supply for an extended period.

Critical Items List
A list of items published biennially, required for the sustainment of the near-term U.S. Army Force involved in a contingency operation. The DA Critical Items List (CIL) is prepared by HQDA, ODCSOPS.

Data Item Description (DD Form 1664 (Contract Data Item List))
A form that specifies the data required to be furnished by the contractor. The DD Form 1664 specifically defines (using the descriptive method) the content, preparation instructions, format, and intended use of each data product.

D-Day
The day on which a military operation commences or is to commence. This may be the commencement of hostilities or any other operation. (D-Day and M-Day may occur simultaneously or M-Day may precede D-Day.)

D to P concept
A logistic planning concept by which gross materiel readiness requirements in support of approved forces, at planned contingency/wartime rates, is satisfied by on-hand assets and those to be gained from production. D to P charts will show requirements, production, asset draw-down, and replenishment.

Defense Industrial Plant Equipment Center (DIPEC)
A primary field level activity, under the DLA, which manages the storage and maintenance of industrial plant equipment in the DOD General Reserve.

Defense Materials Systems
The means for directing the flow of controlled materials required for authorized defense programs under regulations issued by authority of the Defense Production Act of 1950 (15 CFR 350.30), as amended.

Depot maintenance plant equipment
Equipment used at depots for the overhaul or rebuild of parts, assemblies, subassemblies and end items, including the manufacture of parts, modifications, testing and reclamation as required.

Determination and Finding
Written approval, in a special format entitled Determination and Finding (D&F), by an authorized official that is required by statute or regulation as a prerequisite to taking certain contracting actions. The determination is a conclusion or decision supported by findings. Findings are statements of fact/rationale essential to support the determination.

Development test
Testing of a system to determine if specifications and tolerances are satisfied.

Direct industrial base planning
A shortened version of the DD Form 2575 format. Direct industrial base planning is especially useful for planning small quantity, commercial type items of low-dollar value.

DO
Industrial priority rating for all Department of Defense orders other than DX. Selected program items are also reflected under the DOD Master Urgency List. DO reflects the highest DOD program urgency, approved by the Secretary of Defense.

DOD Component
A Military Department or Defense Agency and its subordinate activities.

DOD General Reserve
An unassigned inventory of industrial plant equipment held under the direction and control of DLA to support current and projected DOD requirements.

DX
Industrial priority rating assigned to contracts in the BRICK–BAT category (highest national priority of the Master Urgency List). Programs possessing equal priority are approved by the President.

End item
An instrument of combat or combat support used to accomplish military missions. It consists of a final combination of assemblies, parts, and materials which together perform a complete operational function and is ready for its intended use.

Essential materiel
Items selected under the criteria for which mobilization reserves have been or will be established.

Excess to need
Any property under the control of a Government agency which is not required for its needs and the discharge of its responsibilities.

Excess to ownership
Government-owned plants and equipment are considered "excess to ownership" when it is not necessary for the Government to own the plant or equipment, as long as the production capability is maintained in a suitable state for future surge or mobilization requirements by the purchaser. Under these circumstances, the ownership interest is considered excess and the property can be sold by the General Services Administration under the authority of the Federal Property and Administrative Service Act, 40 USC 400 et seq.

Expansion
The addition of personal or real property that either creates a new industrial plant, or augments the capability/capacity of an existing plant.

Expansion planning
Planning for emergency production, maintenance, modification, overhaul, and/or repair, or an item by any source when the increased production schedule is dependent on the acquisition of additional facilities. Planned schedules which are dependent on the use of government-owned production equipment which have been earmarked by the contracting activity for post M-Day delivery are excluded from this definition.

Facilities
Property (other than material, special tooling, military property, and special test equipment)

required for production, maintenance, research, development, or test, including real property and rights therein, buildings, structures, improvements, and plant equipment. (See also plant equipment, and real property facility.)

Government property
All property owned by or leased to the Government or acquired by the Government under the terms of a contract. Government property includes both Government furnished property and contractor acquired as defined below:

a. Government-furnished property. Property in the possession of, or acquired directly by, the Government and subsequently delivered or otherwise made available to the contractor.

b. Contractor-acquired property. Property procured or otherwise provided by the contractor for the performance of a contract, title to which is vested in the Government.

Graduated Mobilization Response
A system for planning industrial readiness actions during peacetime, early stages of a crisis, and through mobilization. It includes an alert status, an assessment and decision-making process to ensure necessary industrial readiness actions are taken in a graduated and timely manner to meet crisis and mobilization situations.

Horizontal planning
Planning which measures domestic production capability against defense requirements.

Industrial base
The privately-owned and Government-owned industrial production and maintenance capacity of the United States, its territories, and possessions, and those located in Canada. These will be made available in an emergency for the manufacture, maintenance, modification, overhaul, and/or repair of items required by the United States and selected allies.

Industrial base planning
Preparing for actions or measures for the transformation of the industrial base, both Government-owned and civilian-owned, from its peacetime activity to the emergency program necessary to support the national defense objectives. It includes industrial preparedness measures such as modernization, expansion, and preservation of the production facilities and contributory items and services for planning with industry.

Industrial equipment
(See definitions for industrial plant equipment and plant equipment).

Industrial facilities
(See definition for facilities.)

Industrial Modernization Incentive Program
A DOD program that offers incentives to industry for improving the defense industrial base. IMIP is based on a structured analysis and implemented through a business agreement to increase use of manufacturing technology, modernization, and engineering/management applications.

Industrial plant equipment
Industrial type equipment with an acquisition cost of $5,000 or more, used for the purpose of cutting, abrading, grinding, shaping, forming, joining, testing, measuring, heating, treating, or otherwise altering the physical, electrical, or chemical properties of materials, components, and or end items entailed in manufacturing, maintenance, supply processing, assembly, or research and development operations. IPE is further identified in the Defense FAR Supplement 45.301. (See also definition of "plant equipment.")

Industrial plant reserve
Selected industrial facilities whose production capacity has been designated for retention to provide production capability required for expansion during mobilization.

Industrial Preparedness Measures
Industrial Preparedness Measures (IPMs) or actions designed to shorten post M/S-Day leadtime or to increase production/repair capacity for planned items and critical components.

Industrial Preparedness Planning List
A listing of items designated by each DOD component as necessary to sustain combat and mobilization needs, for which surge and mobilization planning is accomplished.

Justification and Approval (J&A)
A justification, certified as accurate and complete by the Contracting Officer and supported by certified technical documentation, which supports the use of statutory authorities as implemented by FAR 6.302 permitting contracting without providing for full and open competition. Approval requirements are identified in FAR 6.304.

Layaway
Cleaning, preserving, and processing into storage inactive industrial facilities that are no longer required to support current production but are required to support approved forces in emergency. Facilities must be a part of an approved/currently certified plant equipment package or Army reserve plant and be in an immediate use posture or in a plan that exists to achieve immediate use posture.

Maintenance (real property facilities)
The work required to preserve and maintain a real property facility in such condition that it may be effectively used for its designated functional purpose. Maintenance includes work done to prevent damage which would be more costly to restore than to prevent. Maintenance also includes work to sustain components.

Maintenance Base
The total privately-owned and Government-owned industrial maintenance capacity of the United States and its territories and possessions which is or may be made available to the Army for depot maintenance of items required by the U.S. Armed Forces. The maintenance base together with the production base comprise the industrial base.

Maintenance Facilities
Fixed installations, such as shipyards and depots, that support organizational maintenance and intermediate maintenance activities through the availability of more extensive shop facilities, equipment, and personnel of a higher technical skill than are available at lower maintenance levels. Some of the types of maintenance normally provided by these shops are: inspection, test, repair, modification, alteration, modernization, conversion, overhaul, reclamation, or rebuild of parts, assemblies, subassemblies, components, and end items.

Major weapon systems
One of a limited number of systems or subsystems which, for reasons of military urgency, criticality, or resource requirements, is determined by DOD as being vital to the national interest.

Manufacturing technology
Information that is, will, or may be used to define, monitor, or control processes and equipment used to manufacture or remanufacture DOD materiel.

Manufacturing Technology Program
The total of all DOD investments specifically authorized by Congress for establishing new or improved manufacturing technology.

Master Urgency List
The DOD list that provides the relative industrial priority ranking for Research and Development, Procurement and Production, Construction and Test Resources Programs which have been designated by the President as the highest national priority, (BRICKBAT, DX), and those designated DO by the Secretary of Defense, to be of the highest DOD priority.

M-Day/S-Day
The day on which mobilization or surge is to begin.

MER
The rate at which the production cost does not exceed the 1–8–5 production cost by 20 percent.

MSR
A sustaining rate of 80 percent of the 1–8–5 production rate.

Military property
Personal property peculiar to military operations which is under the cognizance of a military inventory control point. It includes weapons systems, their components, and related support equipment; but it does not include items which are consumed in the performance of a contract or incorporated in the end items produced under a contract.

Mobilization
The act of assembling and organizing national resources to support national objectives in time of war or other emergencies; the process by which the Armed Forces or part of them are brought to a state of readiness for war or other national emergency. This includes activating all or part of the Reserve components as well as assembling and organizing personnel, supplies, and materiel. Mobilization includes but is not limited to the following:

a. Industrial mobilization—The transformation of industry from its peacetime activity to the industrial program necessary to support national military objectives. It includes the mobilization of materials, labor, capital, production facilities, and contributory items and services essential to the industrial program.

b. Selective mobilization—Expansion of the active Armed Forces resulting from action by Congress and/or the President to mobilize Reserve component units, individual ready reservists, and the resources needed for their support to meet the requirements of a domestic emergency that is not the result of an enemy attack.

c. Partial mobilization—Expansion of the active Armed Forces resulting from action by Congress (up to full mobilization) or by the President (not more than 1,000,000) to mobilize Ready Reserve component units, individual reservists, and the resources needed for their support to meet the requirements of a war or other national emergency involving an external threat to the national security.

d. Full mobilization—Expansion of the active Armed Forces resulting from action by Congress and the President to mobilize all Reserve component units in the existing approved force structure, all individual reservists, retired military personnel, and the resources needed for their support to meet the requirements of a war or other national emergency involving an external threat to the national security.

e. Total mobilization—Expansion of the active Armed Forces resulting from action by Congress and the President to organize and/or generate additional units or personnel, beyond the existing force structure, and the resources needed for their support, to meet the total requirements of a war or other national emergency involving an external threat to the national security.

Mobilization base planned producer
An industrial firm which is contractually bound to maintain production capacity for a negotiated length of time, to conduct subcontractor planning, and to produce specified military items in the event of a declared national emergency or in the event of mobilization or contingencies short of a declared national emergency.

Mobilization production requirement
The quantity of an item, expressed as a rate (on a monthly basis), which must be produced to meet military requirements.

Mobilization/Surge Production Schedule
A planned schedule of production with a specific source for an item (or for a group of selected items), including critical components, which has been validated by the designated Armed Services Procurement Planning Officer or appropriate acquisition activity.

Modernization/replacement
The replacement of one or more existing items of plant equipment in order to achieve economic or industrial readiness advantages to the DOD through increased efficiency. Items which are Government-furnished may be replaced either by new procurement or plant equipment from idle inventories. Replacement action must be supported by an analysis of cost savings or industrial readiness benefits to be realized.

National emergency
A condition declared by the President or the Congress which authorizes certain emergency actions to be undertaken in the national interest. Actions to be taken may include partial or total mobilization of national resources.

Nondevelopmental item
Materiel available from a variety of sources to satisfy an approved requirement from existing sources (such as commercial items and items developed by other government agencies, U.S. military services, or countries) requiring little or no additional development by the Army.

Other plant equipment
Equipment, regardless of dollar value, which is used in, or in conjunction with, the manufacture of components or end items relative to maintenance, supply, processing, assembly, or research and development operations; but excluded are items categorized as Industrial Plant Equipment. (See DFARS 45.301.)

P-Day
The point in time when the rate of production for a military item meets, and continues to meet the estimated emergency/wartime consumption and training requirement.

P-Form
A procurement appropriation form, (numbered for specific types of projects, such as P-25 for ammunition). It is a budget support document utilized in the justification of budgets. (See DOD 7110–1–M.)

Planning agreement
An agreement between the Government and industry that states that the contractor will agree to become a planned producer for the Government for a specified production capacity of a particular item or items for a specific period of time. The agreement may or may not be at cost to the Government.

Planned producer
An industrial firm which has indicated its willingness to produce specified military items by agreeing to a PPS commitment.

Planning item
Any item/critical component selected for industrial readiness planning.

Plant equipment
Personal property of a capital nature (consisting of equipment, machine tools, test equipment, furniture, vehicles, accessory and auxiliary items, but excluding special tooling and special test equipment) used or may be used in the manufacture of supplies or in the performance of services or for any administrative or general plant purpose.

Plant equipment package
A plant equipment package consisting of active and/or inactive equipment which is required for mobilization production when requirements cannot be readily made available from industry. GOCO and/or GOGO plants are not considered PEPs.

Plant equipment package void
Missing items of equipment needed to build up production at the rate required to optimize the economic balance between end item stockage and layaway of the equipment or to sustain the production level-off rate.

Prime contractor planning
Industrial base planning with a source which is intended to be the direct recipient of a contract or purchase order to be awarded by a DOD Contracting Activity.

Procurement appropriations (PA)
A term that denotes the Army procurement appropriations for aircraft, missiles, weapons and tracked combat vehicles, ammunition, and other items.

Production base
The total privately owned and Government-owned industrial production capacity of the United States and its territories and possessions which is or can be made available to manufacture items required by the US Armed Forces. The production base together with the maintenance base comprise the industrial base.

Production Base Analysis
The process for assessing the capability of the industrial base to fulfill national defense strategy requirements during surge and mobilization, and over a wide range of crises or

emergency situations. It will provide the production capability shortfall analysis, and industrial investment strategies to maintain and improve the defense industrial base.

Quality assurance
A planned and systematic pattern of all actions necessary to provide adequate confidence that material, data, supplies, and services conform to established technical requirements and achieve satisfactory performance.

Rated orders
Any contract or purchase order, at any contractual tier, for a military hardware item bearing the DO or DX industrial priority symbol with appropriate claimant program identification.

Real property
Land and rights therein, ground improvements, buildings, structures, utilities systems, improvements and appurtenances thereto. It includes equipment attached to and made part of buildings and structures (such as heating systems) but not movable equipment (such as plant equipment). It does not include structures or other foundations installed for special tooling, special test equipment, or plant equipment.

Register of Planned Emergency Procedures
An annual publication of the Department of Defense listing planned producers, acquisition activities participating in IBP, and the name and address of the officially assigned ASPPO activity for each plant.

Real property facility
A separate building, structure, utility system, or improvement.

Rehabilitation (real property facilities (RPF))
Any combination of new construction and/or alterations, maintenance and/or repair of RPF to prepare the facilities for the assigned mission.

Repair (real property facilities)
a. The restoration of an RPF to such condition that it may effectively be used for its designated functional purpose. Repair may be overhaul, reprocessing, or replacement of deteriorated component parts or materials.

b. Correction of deficiencies in failed or failing components of existing facilities or systems to meet current Army standards and codes where such work, for reasons of economy, should be done concurrently with restoration of failed or failing components. Corrective work may involve incidental increases in quantities or capacities.

c. Major work required to restore a generally deteriorated facility to such a condition that it may be effectively used for its designated purpose. Such an undertaking may include relocation or reconfiguration of existing building components such as partitions, windows, and doors, incidential to repair or replacement. Additional quantities generally may not be included in a repair project.

Replacement of industrial plant equipment
Replacement of one or more existing items of industrial equipment to achieve economic or industrial readiness advantages to the DOD through increased efficiency.

Rolling inventory
Raw materials, parts, components, and assemblies procured in advance of contractual requirements for the purpose of improving industrial responsiveness and to surge weapon systems and munitions production.

Sector study
A survey of a distinctive segment of the industrial base to determine its capacity for production of materiel in support of national security.

Skilled personnel
Personnel with inherent or learned ability to apply their knowledge, independent judgement, and often considerable manual dexterity to their job, vocation, or profession.

Special test equipment
Either single or multipurpose integrated test units engineered, designed, fabricated, or modified to accomplish special purpose testing in the performance of the contract. It consists of items or assemblies of equipment, including standard or general purpose items or components, that are interconnected and interdependent so as to become a new functional entity for special testing purposes. It does not include material, special tooling, facilities (except foundations and similar improvements necessary for installing special test equipment), and plant equipment items used for general plant testing purposes.

Special tooling
All jigs, dies, fixtures, molds, patterns, taps, gauges, other equipment, and manufacturing aids, and replacements to them which are of such a specialized nature that, without substantial modification or alterations, their use is limited to the development or production of particular supplies or parts thereof, or the performance of particular services. This term includes all components of such items but does not include consumable property, special test equipment, buildings, nonseverable structures (except foundations and similar improvements necessary for the installation of special tooling, general or special machine tools, or similar capital items).

Subcontractor/vertical planning
The extension of plans to subcontractors, vendors, or suppliers for the emergency production of contractor-purchased subassemblies, parts, and components in support of prime contractor planning. Planning for subassemblies, parts, and components as Government-furnished material is accomplished through the acquisition activities.

Surge
The ability of the industrial base to rapidly meet accelerated production requirements of selected items with existing facilities and equipment in a peacetime environment (no declared national emergency). Only existing peacetime program priorities will be available to obtain materials, components, and other industrial resources necessary to support accelerated production requirements.

\Surge planning
The process by which an item/weapon system is examined in depth to assess what must be done and at what initial cost, in order to build in a capability to rapidly increase the production rate of that item/weapon system in peacetime, within the limits of the contractor's existing "brick and mortar." Planning is conducted to ensure significant production rate increases for consumable-type items within 6 months and within 12 months for the more complex major weapon systems.

Value engineering
Projects and studies designed to seek lowest cost for items and systems consistent with requirements, performance and reliability, availability, and maintainability (RAM).

Vertical planning
The extension of plans to subcontractors, vendors, or suppliers for the emergency production of contractor-purchased subassemblies, parts, and components in support of prime contractor planning. (Subcontractor planning is synonymous with vertical planning.)

Weapon System
A combination of one or more weapons with all related equipment, materials, services, personnel, and means of delivery and deployment (if applicable) required for self-sufficiency.

Section III
Special Abbreviations and Terms
There are no entries in this section.

Index

This index is organized alphabetically by topic and by subtopic within a topic. Topics and subtopics are identified by paragraph number.

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